

# AXA WORLD FUNDS

(SICAV)

A LUXEMBOURG INVESTMENT FUND



## Swiss Prospectus

November 2024

**This Prospectus is exclusively reserved for the offering of shares of the Sicav in Switzerland to non-qualified investors. It does not apply to the offering of shares of the Sicav in any other country. This is a partial prospectus for Switzerland, not including all authorised sub-funds in Luxembourg**



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# Sub-Fund Descriptions

All of the funds described on the following pages are sub-funds of AXA World Funds. AXA World Funds exists to provide investors, through the Sub-Funds, with access to a diverse range of investments, strategies and worldwide financial markets.

The investment objective and policy of each Sub-Fund begin on the next page. In addition, all Sub-Funds are subject to the general investment policies and restrictions that appear, at the end of this “Sub-Fund Descriptions” section, notably in “General Investment Rules for UCITS”.

The management company, which has overall management responsibility for AXA World Funds, and the investment managers, which handle the day-to-day management of the Sub-Funds, are all AXA Group companies. More information about AXA World Funds and other service providers can be found in sections “The SICAV” and “The Management Company”.

## A Word to Potential Investors

### All Investments Involve Risk

An investment in AXA World Funds involves risk, including the possibility that investors could lose money. AXA World Funds cannot guarantee the performance of, or any future return on, the Shares. For more information, see “Risk Descriptions”.

Before investing in any Sub-Fund, investors should assess how well its objective and risk characteristics align with their own financial circumstances and tolerance for investment risk. Investors should also inform themselves about all applicable legal, tax and foreign exchange considerations associated with their investment, such as those imposed by the jurisdictions in which investors live or have tax residence. We recommend that every investor consult an investment adviser and a tax adviser before investing.

### Who Can Invest in Sub-Funds of AXA World Funds

The Sub-Funds of AXA World Funds are only authorised or registered for public registration in some countries. Shares may not be offered or sold, and this Prospectus may not be distributed or published in any countries except under circumstances that will result in compliance with any applicable laws and regulations. The Shares are not registered in the US; thus they are not offered to US Persons, Benefit Plan Investors and Canadian Prohibited Investors, as defined in this Prospectus.

For more information on Shareholder restrictions, including which Sub-Funds and Share Classes investors may be eligible to invest in see “Available Share Classes” in section “Investing in the Sub-Funds”.

### Which Information to Rely On

In deciding whether to invest in any of these Sub-Funds, investors should rely only on the information in this Prospectus, the relevant KIID, the Articles of Incorporation and the most recent financial report(s). By buying Shares in any of these Sub-Funds, investors are considered to have accepted the terms described in these documents.

Together, all these documents contain the only approved information about AXA World Funds and the Sub-Funds. The Board is liable for any statements or information about AXA World Funds and its Sub-Funds that is contained in these documents. In case of any inconsistency in translations of this Prospectus, the English version will prevail.

### Sustainable Investments and promotion of ESG characteristics

The SICAV and all its Sub-Funds comply with AXA Investment Managers’ (“AXA IM’s”) Sectorial Exclusion policies encompassing areas such as Controversial Weapons, Climate risks, Soft Commodities, Ecosystem Protection & Deforestation and Tobacco, as described in the policy document. All Sub-Funds qualifying as “article 8” or “article 9” products according to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”) apply the AXA IM’s Environmental, Social and Governance standards policy (“ESG Standards”), according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as white phosphorus weapons and by excluding investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises ; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality. Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. These policies (together “Policies”) are available on the website: <https://www.axa-im.com/our-policies-and-reports>. The Sub-Funds applying ESG Standards and/or having a non-financial objective of outperforming the ESG score of their respective benchmark or their investment universe and/or promoting ESG characteristics qualify as “Article 8 products” according to SFDR. The Sub-Funds which have sustainable investment as their non-financial objective and are managed in line with a sustainable and/or thematic impact investing approach qualify as “Article 9 products” according to SFDR.

All the sub-funds of the SICAV are categorized as “Article 8” or “Article 9” as set-out in the relevant Sub-Fund’s appendix, except for the sub-fund(s) comprised in the below listed category that neither qualify as Article 8 or Article 9 products: AXA WF US Dynamic High Yield Bonds.

The investments underlying these financial products do not take into account principal adverse impacts, nor the EU criteria for environmentally sustainable economic activities.

The table below indicates for each concerned Sub-Fund the classification “Article 8” or “Article 9” as per SFDR:

Sub-Fund’s name	SFDR Category	Sub-Fund’s name	SFDR Category
AXA WF ACT Biodiversity	Article 9	AXA WF Euro Bonds	Article 8
AXA WF ACT Clean Economy	Article 9	AXA WF Euro Buy and Maintain Sustainable Credit	Article 8
AXA WF ACT Europe Equity	Article 9	AXA WF Euro Credit Plus	Article 8
AXA WF ACT Eurozone Equity	Article 9	AXA WF Euro Credit Short Duration	Article 8
AXA WF ACT Factors – Climate Equity Fund	Article 9	AXA WF Euro Credit Total Return	Article 8
AXA WF ACT Human Capital	Article 9	AXA WF Euro Government Bonds	Article 8
AXA WF ACT Social Progress	Article 9	AXA WF Euro Inflation Bonds	Article 8
AXA WF ACT Emerging Markets Short Duration Bonds Low Carbon	Article 8	AXA WF Euro Short Duration Bonds	Article 8
AXA WF ACT European High Yield Bonds Low Carbon	Article 8	AXA WF Euro Strategic Bonds	Article 8
AXA WF ACT Green Bonds**	Article 9	AXA WF Euro Sustainable Bonds**	Article 8
AXA WF ACT Dynamic Green Bonds**	Article 9	AXA WF Euro Sustainable Credit	Article 8
AXA WF ACT Emerging Markets Bonds	Article 9	AXA WF Global Buy and Maintain Credit	Article 8
AXA WF ACT US Corporate Bonds Low Carbon	Article 8	AXA WF Global Emerging Markets Bonds	Article 8
AXA WF ACT US High Yield Bonds Low Carbon	Article 8	AXA WF Global High Yield Bonds	Article 8
AXA WF ACT Multi Asset Optimal Impact**	Article 9	AXA WF Global Inflation Bonds	Article 8
AXA WF Digital Economy	Article 8	AXA WF Global Inflation Bonds Redex	Article 8
AXA WF Emerging Markets Responsible Equity QI	Article 8	AXA WF Global Inflation Short Duration Bonds	Article 8
AXA WF Euro Selection	Article 8	AXA WF Global Responsible Aggregate	Article 8
AXA WF Europe Ex-UK MicroCap	Article 8	AXA WF Global Short Duration Bonds	Article 8
AXA WF Europe Small Cap	Article 8	AXA WF Global Strategic Bonds	Article 8
AXA WF Evolving Trends	Article 8	AXA WF Inflation Plus	Article 8
AXA WF Framlington Sustainable Europe	Article 8	AXA WF US Credit Short Duration IG	Article 8
AXA WF Framlington Sustainable Eurozone	Article 8	AXA WF US Enhanced High Yield Bonds	Article 8
AXA WF Global Convertibles	Article 8	AXA WF US High Yield Bonds	Article 8
AXA WF Global Sustainable Equity	Article 8	AXA WF US Short Duration High Yield Bonds	Article 8
AXA WF Italy Equity	Article 8	AXA WF Defensive European Equity	Article 8
AXA WF People & Planet Equity <sup>1</sup>	Article 9 <sup>2</sup>	AXA WF Defensive Optimal Income	Article 8
AXA WF AI & Metaverse	Article 8	AXA WF Global Optimal Income	Article 8
AXA WF Global Small Cap Equity QI <sup>3</sup>	Article 8	AXA WF Optimal Income	Article 8
AXA WF Robotech	Article 8	AXA WF Global Income Generation	Article 8
AXA WF Sustainable Equity QI	Article 8	AXA WF Europe Real Estate	Article 8
AXA WF Switzerland Equity	Article 8	AXA WF Global Real Estate	Article 8
AXA WF UK Equity	Article 8	AXA WF Global Flexible Property	Article 8
AXA WF US Growth <sup>4</sup>	Article 8	AXA WF Selectiv’ Infrastructure	Article 8
AXA WF AXA SPDB China A Opportunities	Article 8		
AXA WF Asian Short Duration Bonds	Article 8		
AXA WF Euro 7-10	Article 8		

<sup>1</sup> This name applies as from 9 January 2025. Until 9 January 2025, the name of the Sub-Fund is “AXA World Funds - Longevity Economy”.

<sup>2</sup> This SFDR category applies as from 9 January 2025. Until 9 January 2025, the SFDR category of the Sub-Fund is article 8.

<sup>3</sup> This name applies as from 9 January 2025. Until 9 January 2025, the name of the Sub-Fund is “AXA World Funds - Next Generation”.

<sup>4</sup> This name applies as from 27 December 2024. Until 27 December 2024, the name of the Sub-Fund is “AXA World Funds – US Responsible Growth”.



Where the above Sub-Funds categorized as Article 8 promote environmental characteristic, it should be noted that they do not at this stage take into account the EU criteria for environmentally sustainable economic activities as defined by the EU Taxonomy regulation and their portfolio alignment with such EU Taxonomy Regulation is not calculated (except for the Sub-Fund(s) listed in the below table). Therefore, the “do no significant harm” principle does not apply to any of the investments of these Sub-Funds at this stage.

Where the above Sub-Funds categorized as Article 9 do not have an environmental focus (i.e. AXA WF – ACT Social Progress and AXA WF – ACT Human Capital), their underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Where the above Sub-Funds categorized as Article 9 invest in an economic activity that contributes to an environmental objective, they are required to disclose certain information about the environmental objective(s) set out in the EU Taxonomy Regulation to which the investments of the Sub-Funds contribute and about the investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation.

These Sub-Funds consider the following environmental objective(s) set out in the Article 9 of the EU Taxonomy Regulation: the above Sub-Funds identified with an asterisk (\*) consider climate mitigation and the Sub-Funds identified with two asterisks (\*\*) consider climate mitigation and climate adaptation. In order to contribute to these objectives, it is expected that these Sub-Funds will make investments in EU Taxonomy-eligible economic activities, including but not limited to those reducing greenhouse gas emissions.

In line with the current state of the SFDR and/or the EU Taxonomy Regulation, Investment Managers currently ensure that such investments of these Sub-Funds contribute to the abovementioned objective(s) while not significantly harming any other sustainable objective as follows:

- *With regards to SFDR:* These Sub-Funds apply sectorial exclusions, ESG standard policies and additional investments’ selectivity approach based on ESG Score, ESG indicators or United Nation Sustainable Development Goals (UN SDGs) in portfolio construction and investment processes as detailed in each Sub-Fund’s relevant SFDR Annex. The “do no significant harm” principle is considered through, exclusion policies of the most material ESG risks and exclusion of issuers with significant negative impact on UN SDGs or having a CCC ESG rating. Stewardship policies are an additional risk mitigation on Principal Adverse Impacts through direct dialogue with companies on sustainability and governance issues.
- *With regards to EU Taxonomy Regulation:* AXA IM relies on a third party provider to identify those economic activities that contribute substantially to climate mitigation or climate adaptation, “do no significant harm” to any of the other environmental objectives, comply with minimum social and governance safeguards and with technical screening criteria on climate mitigation or/and climate adaptation environmental objective(s).

The minimum underlying environmentally sustainable investments of the Sub-Funds categorized as Article 9 and some Article 8 Sub-Funds investing in sustainable assets under SFDR should represent 0% of each Sub-Fund’s assets (including in enabling and transitional activities), with the exception of the Sub-Funds listed in the below table:

Sub-Funds	Taxonomy alignment
AXA WF - Euro Sustainable Bonds	1%
AXA WF - ACT Dynamic Green Bonds	5%
AXA WF - ACT Green Bonds	5%
AXA WF – ACT Multi Asset Optimal Impact	1%

*Notwithstanding the above minimum portion of environmentally sustainable investments, the minimum proportion of investment in enabling and transitional activities is currently set at 0%.*

The ESG data used in the investment process of Sub-Funds qualifying as article 8 or article 9 under SFDR are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM’s different ESG methodologies described herein may evolve in the future to take into account (among others) any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives.

The classification of the SICAV 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 Prospectus. As part of the ongoing assessment and current process of classifying its financial products under SFDR, the Management Company reserves the right, in accordance with and within the limits of applicable regulations and of the SICAV’s legal documentation, to update the classification of the Sub-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.

The list of Sub-Funds awarded with the Towards Sustainability Label (Belgium) and the related 2023 Quality Standards they comply with are available on the following website: [Quality Standard | Towards Sustainability](#). Towards Sustainability Label exclusions covers notably coal, oil & gas, power generation, as well as tobacco, controversial weapons and international norms and standards. Additional exclusions are applied to sovereign debt instruments with specific exclusion criteria relying on the Worldwide Governance Indicators from the World Bank applied to all economies with additional exclusion criteria for high-income countries, notably relying on international treaties and conventions.

The list of Sub-Funds awarded with the French Label Socially Responsible Investment (SRI) Label is available on the following website: [Liste des fonds labellisés - Label ISR \(lelabelisr.fr\)](#) and the related SRI Label guidelines they comply with (SRI guidelines dated of 1<sup>st</sup> March 2024 as may be amended from time to time) are available on the following website [Critères d'attribution \(lelabelisr.fr\)](#). SRI Label covers notably Social exclusions related to controversial weapons, breaches of the UN Global Compact and tobacco, environmental exclusions related to unconventional oil and gas, as well as the development of new conventional and/or unconventional projects, and electricity production; and governance related exclusions based on the EU list of non-cooperative jurisdictions, as well as the black and grey lists of the Financial Action Task Force. Sovereign bonds issued by countries that do not meet the minimum eligibility criteria based on the EU list of non-cooperative jurisdictions, the black and grey lists of the Financial Action Task Force and the Corruption Perceptions Index are also excluded.

Finally, the list of Sub-Funds awarded with the Label Greenfin (France) and the related guidelines the Sub-Funds comply with are available on the following website: [Le label Greenfin | Ministère de la Transition Écologique et de la Cohésion des Territoires \(ecologie.gouv.fr\)](#). Label Greenfin specific environmental-related exclusions applicable to non green bonds assets covers notably oil & gas, power generation as well as on carbon capture storage systems, incineration without energy recovery, energy efficiency for non-renewable energy sources and forestry. Companies exposed to controversies are also systematically excluded.

# ACT Biodiversity

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and acting positively for the biodiversity by reducing or limiting negative impact of human's activities on biodiversity, and by applying an impact approach.

**Investment Strategy** The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the "Benchmark") for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund's portfolio and performance may deviate from the ones of the Benchmark. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests at least two thirds of its net assets in equities of worldwide companies of any market capitalization (large, medium and small capitalization companies) that support the preservation of biodiversity. Small capitalization companies are considered by the Investment Manager as companies with a market capitalization of minimum USD 500 million and investments in companies with a market capitalization below this threshold remain ancillary.

The Sub-Fund may invest up to 10% in A Shares listed in the Shanghai Hong Kong Stock Connect.

The Sub-Fund may also invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund seeks to achieve its objectives by investing in sustainable companies that support on the long run the United Nations Sustainable Development Goals ("SDGs") with a focus on Zero Hunger (SDG 2), Clean Water and Sanitation (SDG 6), Responsible Consumption (SDG12), Life Below Water (SDG14) and Life on Land (SDG 15).

The Sub-Fund bindingly applies at all times AXA IM's Impact approach for listed assets available on [Impact Investing | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#).

The Sub-Fund also bindingly adopts at all times an environmental responsible investment 'Best in Universe' selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management techniques** The Sub-Fund may use listed derivatives (such as futures and options) for efficient portfolio management and hedging purposes only.

The Sub-Fund will not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management and hedging, the Sub-Fund uses, as part of its daily investment management activity, the following technique(s) (as a % of net assets):

- Securities lending: expected, 0-20%; max, 90%

By entering into securities lending activities, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main type of assets in scope is equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Universe' filter on SDGs indicators; 2/ a combination of macroeconomic sector and company specific analysis which relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from companies that fill the social, environmental and governance criteria and respect the principles defined in the United Nations Global Compact Initiative.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Global investments
- Investments in small and/or micro-capitalisation universe
- ESG
- Emerging markets
- Investments in specific sectors or asset classes
- Impact investments
- Investment through the Stock Connect program

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 11 April 2022.

Maximum one-off charges taken when you invest

Maximum recurrent charges taken from the Sub-Fund over a year

Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
G	—	0.60%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
N	2.00%	1.50%	0.50%	1.00%
U	5.50%	0.75%	0.50%	0.75%
X	—	0.30%	0.50%	—
ZF	2.00%	0.75%	0.50%	—
ZI	—	0.50%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# ACT Clean Economy

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs with a focus on environmental themes, by applying an impact approach.

**Investment Strategy** The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the “Benchmark”) for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund seeks to deliver both a financial return, and a positive and measurable impact on society, and more specifically environmental issues.

The Sub-Fund invests in equities of worldwide companies of any market capitalization.

Specifically, the Sub-Fund invests at least two thirds of net assets in equities and equity-related securities of worldwide companies that seek to offer growth potential and are active in the clean economy which includes areas such as the sustainable transport, renewable energies, responsible agriculture, food and water production and supplies and also recycling and waste reduction.

The Sub-Fund may invest up to 10% in A Shares listed in the Shanghai Hong Kong Stock Connect.

The Sub-Fund may also invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund aims to support on the long run the SDGs established by the United Nations with a focus on the environmental themes. Thus, the Sub-Fund bindingly applies at all times AXA IM’s Impact approach for listed assets available on <https://www.axa-im.com/responsible-investing/impact-investing/listed-assets>.

The Sub-Fund also seeks to achieve its objective through investments in sustainable securities by using a socially responsible investment ‘Best-in-Universe’ selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management techniques

The Sub-Fund may use listed derivatives (such as futures and options) for efficient portfolio management and hedging purposes only.

The Sub-Fund will not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management and hedging, the Sub-Fund uses, as part of its daily investment management activity, the following technique(s) (as a % of net assets):

- Securities lending: expected, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process**<sup>5</sup> The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter based on SDG indicators; 2/ a combination of macroeconomic sector and company specific analysis which relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from companies that fill the social, environmental and governance criteria and respect the principles defined in the United Nations Global Compact Initiative.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Global investments
- Investments in small and/or micro-capitalisation universe
- ESG
- Emerging markets
- Investments in specific sectors or asset classes
- Impact investments
- Investment through the Stock Connect program

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank

<sup>5</sup> This Management Process applies as from 27 December 2024. Until 27 December 2024. The Sub-Fund’s Management Process is the following: “The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ a combination of macroeconomic sector and company specific analysis which relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from companies that fill the social, environmental and governance criteria and respect the principles defined in the United Nations Global Compact Initiative.”

Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 14 December 2018.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	5.50%	1.50%	0.50%	—	—
BE	—	1.50%	0.50%	1.00%**	3.00%***
BL	—	1.50%	0.50%	1.00%**	3.00%***
BR	1.00%	0.60%	0.50%	—	—
E	—	1.50%	0.50%	0.75%	—
F	2.00%	0.75%	0.50%	—	—
G	—	0.60%	0.50%	—	—
I	—	0.60%	0.50%	—	—
M	—	—	0.50%	—	—
N	2.00%	1.50%	0.50%	1.00%	—
U	5.50%	0.75%	0.50%	0.75%	—
ZD	2.00%	0.75%	0.50%	0.15%	—
ZF	2.00%	0.75%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" or "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment.

# ACT Europe Equity

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs.

**Investment Strategy** The Sub-Fund seeks to capture opportunities in European equity markets, primarily investing in securities which are part of the MSCI Europe Total Return Net benchmark index (the “Benchmark”) universe. The Investment Manager also considers the allocation in terms of country and sector in the Benchmark. However, as the portfolio is invested in a relatively small number of equities and the Investment Manager can take, based on its investment convictions, large overweight or underweight positions on the sectors and countries compared to the Benchmark’s composition and also invest in securities that are not part of the Benchmark, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests in equity securities of any market capitalisation (including small and micro-sized companies).

Specifically, at all times the Sub-Fund invests essentially in equities of companies listed or domiciled in Europe.

The Sub-Fund may also invest up to 20% of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund aims to support on the long run the United Nations Sustainable Development Goals (“SDGs”) in their social and environmental dimensions.

The Sub-Fund bindingly adopts at all times an environmentally and socially responsible investment ‘Best-in-Universe’ selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging only.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-30%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter on SDGs indicators; 2/ using a strategy that combines macro-economic, sector and company specific analysis. The portfolio is relatively concentrated and based on

companies’ outlook rather than on a country or sector basis. The securities selection process relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific countries or geographical zones
- Investments in small and/or micro-capitalisation universe
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 9 March 2001.

ACT Europe Equity — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# ACT Eurozone Equity

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the Eurozone equities market, by investing at least 20% of its net assets in equities of companies that are part of the EURO STOXX Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund but is used as a reference for its financial objective.

The Sub-Fund invests in equities of companies of all sizes domiciled in the Eurozone.

Specifically, at all times the Sub-Fund invests at least 75% of net assets in PEA eligible securities and rights issued by companies registered in the EEA and 60% of those assets at the minimum are invested in the Eurozone markets. The Sub-Fund invests not more than 10% of net assets in equities of companies not based in the Eurozone, including Emerging Markets countries.

The Sub-Fund may invest up to 20% of net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund seeks to invest in equities of companies listed in the Eurozone which address the United Nations Sustainable Development Goals (SDGs) in their social and environmental dimensions.

The Sub-Fund bindingly adopts at all times an environmentally and socially responsible investment ‘Best-in-Universe’ selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes only.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter on SDGs indicators; 2/ using a strategy that combines macro-economic, sector and company specific analysis and a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with an emphasis on their capacity to offer higher growth potential as they focus on providing product and services across a range of ecological and social needs.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in small and/or micro capitalisation universe
- Investments in specific countries or geographical zones
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the Euronext Paris stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Other** PEA eligible

**Inception** 3 November 2010.

**ACT Eurozone Equity — Continued**

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# ACT Factors – Climate Equity Fund

## Investment Objective and Strategy

**Objective** To seek to achieve (i) a long-term return above that of the MSCI AC World Total Return Net Index (the “Benchmark”) with a lower volatility profile than the Benchmark and (ii) a sustainable investment objective by gaining exposure to companies helpful to the mitigation of climate change or energy transition towards greener sources in order to progressively align with the objectives of the Paris Agreement, complemented by offsetting fully or partially the carbon emissions of the Sub-Fund.

**Investment Strategy** The Sub-Fund is actively managed and seeks to achieve its financial goal by primarily investing in a well-diversified basket of global equity securities issued in countries that comprise the Benchmark. The investment universe of the Sub-Fund may extend to equity securities listed in eligible countries of the Benchmark that are not constituents of the Benchmark.

The Investment Manager may take, based on its investment convictions, overweight or underweight positions compared to the Benchmark, meaning that deviation from the Benchmark is likely to be significant. However, in certain market conditions, the Sub-Fund’s performance may be close to the Benchmark. This could occur, for example, when share performances are closely aligned to earnings growth, there is a low level of macroeconomic risk and the performance of the equity market aligns closely with the performance of the low volatility and quality factors targeted by the Investment Manager.

For the sake of clarity, the Benchmark is a broad market index that does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for the Sub-Fund’s objectives.

Specifically, the Sub-Fund invests in equities and equity-related securities of companies of any capitalisation, with a minimum of investment of 51% of net assets in equities, at all times.

The Sub-Fund may invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (except money market funds).

The Investment Manager uses proprietary quantitative models that incorporate both financial and non-financial data to select securities for the Sub-Fund. The Investment Manager’s approach to portfolio construction is largely systematic, and an optimiser is used to structure the portfolio in a way that is intended to meet the investment objective. The optimiser is designed to consider each stock’s factor exposure alongside its carbon intensity. The Investment Manager applies an ESG ‘rating upgrade’ approach.

In addition, the Investment Manager balances decarbonisation with investments into the low carbon economy by targeting exposure into climate solution providers and focusing on companies engaged on a decarbonization and transition pathway to progressively align with the objectives of the Paris Agreement.

This process tilts the portfolio toward stocks with higher ESG scores and lower carbon intensity, while maintaining the desired factor exposure. The decision to hold, buy or sell a security is based on both financial and non-financial data. The Sub-Fund bindingly applies at all times a socially responsible investment ‘Best-in-Universe’ selectivity approach.<sup>6</sup>

<sup>6</sup> This sentence applies as from 27 December 2024.

<sup>7</sup> This Management Process applies as from 27 December 2024. Until 27 December 2024, the Sub-Fund’s Management Process is the following: “In selecting individual securities, the Investment Manager applies a 2-steps approach: 1/ define the eligible sustainable investment universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies and 2/ select stocks from the investment universe using a largely systematic process to conduct rigorous analysis of companies’ financial and non-financial data with a specific focus on earning quality and share price volatility. Finally, the Investment Manager will seek to offset (partially or in full) the remaining carbon emissions held by the Fund.”

In addition, the Investment Manager implements a carbon emissions offsetting strategy through the use of VERs (Verified Emission Reduction) certificates, a type of carbon credits that are held by AXA Investment Managers GS Limited.

The list of VER underlying projects selected by the Investment Manager as well as their description and certification information are available at: <https://www.axa-im.com/fund-centre>.

Periodically, the Investment Manager will allocate a proportion of the management fees it receives to offsetting the carbon emissions of the Sub-Fund through an intermediary (such as Climate Seed (<https://climateseed.com>)) that carries out the offsetting with the central registry which issues confirmation and a carbon emission offset certificate.

Shareholders can find more information on the carbon footprint of the Sub-Fund’s portfolio and the carbon offsetting in the Sub-Fund’s monthly reporting available at <https://www.axa-im.com/fund-centre>.

**More information about sustainable investment and carbon offsetting mechanism is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes only.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-25%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** <sup>7</sup> In selecting individual securities, the Investment Manager applies a 2-steps approach: 1/ define the eligible sustainable investment universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter based on SDG indicators and 2/ select stocks from the investment universe using a largely systematic process to conduct rigorous analysis of companies’ financial and non-financial data with a specific focus on earning quality and share price volatility. Finally, the Investment Manager will seek to offset (partially or in full) the remaining carbon emissions held by the Fund.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Global investments
- ESG
- Method and model
- Risk related to carbon measurement and off-setting

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR Category** Article 9.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 16 August 2021

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			Charges taken from the Sub-Fund under specific conditions
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	Performance Fee
A	5.50%	0.70%	0.50%	—	—
AX	5.50%	0.44%	0.50%	—	—
E	—	0.70%	0.50%	0.25%	—
F	2.00%	0.50%	0.50%	—	—
G	—	0.44%	0.50%	—	—
I	—	0.44%	0.50%	—	—
M	—	0.20%	0.50%	—	—
ZI	—	0.44%	0.50%	—	—
ZF	2.00%	0.50%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

The Management Company uses a proportion of the management fees in the context of the carbon emissions offsetting of the Sub-Fund. The carbon emissions offsetting fees are designed to cover the costs relating to the carbon emissions offsetting service and the cost acquisition of VERs and includes any and all administrative fees regarding the holding of VERs. They shall account for a maximum of 0.20% of the net assets of the Sub-Fund, including VAT if applicable.



# ACT Human Capital

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and that create financial and societal value and by applying an impact approach with a focus on Human capital management.

**Investment Strategy** The Sub-Fund is actively managed with a Responsible Investment (RI) process in order to capture opportunities in European equity market, by mainly investing in equities of companies that are part of a benchmark index composed of 50% STOXX Europe Small 200 Total Return Net + 50% STOXX Europe Mid 200 Total Return Net (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests essentially in equities of small and medium capitalisation companies domiciled or listed in the European geographical area that, the Investment Manager believes, appear to have above-average performance in human capital management.

The Sub-Fund may invest up to one third of net assets in money market instruments and up to 10% in bonds and convertible bonds.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund aims to support on the long run the SDGs established by the United Nations with a focus on the social themes, such as the promotion of education and labour upskilling (SDG 4) and the promotion of inclusive economic growth and decent work for all (SDG 8). Thus, the Sub-Fund bindingly applies at all times AXA IM’s Impact approach for listed assets available on [Impact Investing | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#).

The Sub-Fund bindingly using at all times a socially responsible investment ‘Best-in-Class’ selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes only.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Class’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology and using environmental, social and corporate governance (Responsible Investment) criteria with a focus on best human capital practices such as job’s stability and creation, training and development, performance management and reward systems, precariousness and turnover; and 2/ a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in small and/or micro capitalisation universe
- ESG
- Impact investments
- Investments in specific countries or geographical zones

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis

**Investment Manager** AXA Investment Managers Paris.

**Inception** 30 October 2007.

ACT Human Capital — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	2.00%	0.50%	—
E	—	2.00%	0.50%	0.50%
F	2.00%	1.00%	0.50%	—
I	—	0.80%	0.50%	—
ZF	2.00%	1.00%	0.50%	—
ZI	—	0.50%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# ACT Social Progress

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and that create financial and societal value by fostering social progress.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the equity market, by investing at least 20% of its net assets in equities of companies that are part of the MSCI AC World Total Return benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund but is used as a reference for its financial objective.

Investments may include companies of any sector and market capitalisation in developed or Emerging Markets countries.

The Sub-Fund may invest up to 30% of net assets in money market instruments and up to 5% of net assets in Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund seeks to deliver both a financial return, and a positive and measurable impact on society, and more specifically social issues. The Sub-Fund mainly invests in worldwide listed equities which address the United Nations Sustainable Development Goals (SDGs) in their social dimension (such as housing and essential infrastructure, financial and technology inclusion, healthcare solutions, well-being and safety, education and entrepreneurship).

Thus, the Sub-Fund applies AXA IM’s Impact approach for listed assets available on <https://www.axa-im.com/responsible-investing/impact-investing/listed-assets>.

The Sub-Fund bindingly applies at all times a socially responsible investment ‘Best-in-Universe’ selectivity approach

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging only.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible

universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter on SDGs indicators; 2/ using a combination of macro-economic, sector and company specific analysis that relies on rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from the companies which demonstrate a strong commitment to promote social progress. The process also relies on responsible investments filters and analysis as well as impact appraisal, monitoring and measurement to verify and demonstrate that the desired outcome could be attained.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Emerging markets
- Global investments
- Investments in small and/or micro capitalisation universe
- ESG
- Impact
- Investments in specific sectors or asset classes

**Sustainability risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the sustainability risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Investment Advisor** AXA Investment Managers Paris

**Inception** 20 February 2017.

ACT Social Progress — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
G	—	0.60%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—
ZI	—	0.60%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# ACT Emerging Markets Short Duration Bonds Low Carbon

## Investment Objective and Strategy

**Objective** To seek performance, in USD, from an actively managed short duration emerging debt securities portfolio whose carbon footprint, measured as carbon intensity, is at least 30% lower than that of the index composed of 75% J. P. Morgan Corporate Emerging Market Bond Index Broad Diversified + 25% J. P. Morgan Emerging Market Bond Index Global Diversified (the “Benchmark”). As a secondary ‘extra-financial objective’, the water intensity of the portfolio aims also at being at least 30% lower than the Benchmark.

The Sub-Fund’s objective to invest in lower carbon emissions intensive exposures than the Benchmark is not performed in view of achieving the long-term global warming objectives of the Paris Agreement.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in emerging short duration bonds market, primarily investing in securities that are part of the Benchmark universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund also references the Benchmark in order to achieve its extra-financial objectives. For the sake of clarity, the Sub-Fund’s Benchmark is a broad market index that does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for the Sub-Fund’s objectives.

The Sub-Fund invests in short duration bonds from Emerging Markets countries.

Specifically, the Sub-Fund invests mainly in transferable debt securities, including warrants, that are issued by governments, supranational entities, private or public companies in emerging countries in non-local currencies. The Sub-Fund may invest up to 100% of net assets in debt securities rated Sub-Investment Grade or unrated (i.e. neither the security itself nor its issuer has a credit rating).

The Sub-Fund may invest up to 100% in sovereign debt securities but it is not the current intention that the Sub-Fund will invest more than 10% of net assets in Sub-Investment Grade securities issued or guaranteed by any single country (including its government, public or local authority of that country).

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, invest in Distressed and Defaulted Securities, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one-third of net assets in money market instruments and up to 49% of net assets in anticipation of or during unfavourable market conditions.

The Sub-Fund’s average duration is expected to be three years or less.

The Sub-Fund does not invest in equity and equity related instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

Derivatives may include forwards and credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

It is the current intention of the Investment Manager to enter into securities lending transactions and repos/reverse repos for less than 30% of net assets in aggregate.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ Analysing carbon intensity and water intensity data to ensure that the weighted average of KPI carbon intensity and water intensity calculated at Sub-Fund’s level is at least 30% better than that calculated for the investable universe, followed by the application of a second exclusion filter, described in AXA IM’s Sectorial Exclusion and ESG Standards Policies; 2/ Evaluation of market views: of economic, valuation, technical analysis of the markets based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.



**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- High yield debt securities
- Contingent convertible bonds
- Defaulted Securities
- Emerging markets
- Sovereign debt
- ESG
- Distressed Securities
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United Kingdom and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 6 September 2012

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	1.00%	0.50%	—
E	—	1.00%	0.50%	0.25%
F	2.00%	0.75%	0.50%	—
G	—	0.55%	0.50%	—
I	—	0.55%	0.50%	—
M	—	—	0.50%	—
N	1.00%	1.00%	0.50%	1.00%
U	5.50%	0.50%	0.50%	0.50%
ZF	2.00%	0.75%	0.50%	—
ZI	—	0.40%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# ACT European High Yield Bonds Low Carbon

## Investment Objective and Strategy

**Objective** To seek a high level of income, in EUR, from an actively managed bond portfolio whose carbon footprint, measured as carbon intensity, is at least 30% lower than that of the ICE BofA European Currency High Yield Hedged EUR index (the “Benchmark”). As a secondary ‘extra-financial objective’, the water intensity of the portfolio aims also at being at least 30% lower than the Benchmark.

The Sub-Fund’s objective to invest in lower carbon emissions intensive exposures than the Benchmark is not performed in view of achieving the long-term global warming objectives of the Paris Agreement.

**Investment Strategy** The Sub-Fund is actively managed and references the Benchmark in order to capture opportunities in the European corporate debt market, primarily investing in securities that are part of the Benchmark universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund also references the Benchmark by seeking to achieve its extra-financial objectives. For the sake of clarity, the Sub-Fund’s Benchmark is a broad market index that does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for the Sub-Fund’s objective.

The Sub-Fund invests in Sub-Investment Grade fixed and floating rate debt securities (high yield bonds) issued by public or private companies. If securities are unrated, they must be judged equivalent to those levels by the investment manager.

Specifically, the Sub-Fund invests mainly in Sub-Investment Grade fixed income transferable debt securities issued by public or private companies mainly located in Europe (and up to 20% of its net assets in other jurisdictions, including in the US or in Emerging Markets countries such as Latin America or Asia) and that are denominated in a European currency.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest in the following, up to the portion of net assets shown:

- money market instruments: one third
- convertible securities: one quarter
- contingent convertible bonds (CoCos): up to 10%

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

## Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ analysing carbon intensity and water intensity data to ensure that the average of KPI carbon intensity and water intensity calculated at Sub-Fund’s level is at least 30% better than that calculated for the investable universe, followed by the application of a second exclusion filter, described in AXA IM’s Sectorial Exclusion Policies and ESG Standards Policies; 2/ economic, valuation, technical analysis of the markets based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers, and management of the credit curve positioning and the exposure to different sectors.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- High yield debt securities
- ESG
- Extension
- Reinvestment
- Contingent convertible bonds
- Defaulted Securities
- Distressed Securities
- Emerging markets

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United Kingdom.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London)

**Inception** 11 March 2022

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	1.20%	0.50%	—
E	—	1.20%	0.50%	0.50%
F	2.00%	0.60%	0.50%	—
G	—	0.50%	0.50%	—
I	—	0.50%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.60%	0.50%	—
ZI	—	0.40%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# ACT Green Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bonds portfolio and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs, and/or by applying an impact approach with a focus to financing the transition to a more sustainable and low carbon economy.

**Investment Strategy** The Sub-Fund is actively managed in reference to the ICE BofA Green Bond Hedged benchmark index (the "Benchmark") in order to capture opportunities in the investment grade government, institutions - such as supranational, agencies and quasi-government – and corporate bonds markets. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark. The Benchmark is aligned with the sustainable investment objective of the Sub-Fund, as it tracks the performance of securities issued for qualified "green" purposes which must have a clearly designated use of proceeds solely applied toward projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes as outlined by the ICMA Green Bond Principles. The methodology used for the calculation of the index is available on: [https://www.theice.com/publicdocs/Green\\_Bond\\_Index.pdf](https://www.theice.com/publicdocs/Green_Bond_Index.pdf)

The Sub-Fund invests in a diversified portfolio of fixed and floating rate transferable debt securities issued by Investment Grade governments, public institutions or corporations anywhere in the world, and that are denominated in any freely convertible currencies.

The Sub-Fund invests minimum 75% of its net assets in bonds financing environmental projects (Green Bonds).

Specifically, the Sub-Fund invests at least two thirds of net assets in fixed income securities, including asset-backed securities representing less than 10% of net assets, from issuers anywhere in the world. These securities are mainly rated Investment Grade (direct or indirect exposure through units of UCITS and/or other UCIs within the limit set out below).

The Sub-Fund may invest up to 30% of net assets in Sub-Investment Grade Securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest in the following, up to the portion of net assets shown:

- money market instruments: one third
- convertible bonds: one tenth
- inflation-linked bonds: one quarter

The Sub-Fund may invest up to 10% of net assets in securities traded on the CIBM through Bond Connect.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds) and are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

Exposure of the Sub-Fund's assets denominated in non-EUR currency will be hedged against EUR.

The Sub-Fund adopts a green and social impact investing approach that aims to support on the long run the Sustainable Development Goals (SDGs) established by the United Nations with a focus on the environmental themes (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and involves purchasing bonds where the proceeds are earmarked for projects which support a low carbon economy or the basic needs of underserved populations and communities, by financing initiatives such as renewable energy, pollution prevention, access to healthcare, affordable housing and women empowerment.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes. Derivatives may be used for investment purposes only where the underlying assets are sustainable.

Derivatives may include futures, forwards, options and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a 2-step approach: 1/ defining the eligible universe after application of a green and social impact filter, and 2/ using a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- High yield debt securities
- ESG
- Impact investments
- Reinvestment
- Global investments
- Contingent convertible bonds
- Bond Connect
- Extension
- Inflation-linked products

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 6 October 2015.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	0.75%	0.50%	—	
E	—	0.75%	0.50%	0.50%	
F	2.00%	0.45%	0.50%	—	
G	—	0.40%	0.50%	—	
I	—	0.40%	0.50%	—	
M	—	—	0.50%	—	
ZD	2.00%	0.45%	0.50%	0.07%	
ZF	2.00%	0.45%	0.50%	—	
ZI	—	0.40%	0.50%	—	

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com) or request a list free of charge from the management company.



# ACT Dynamic Green Bond

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in USD, from an actively managed bonds portfolio and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs, and/or by applying an impact approach with a focus to financing the transition to a more sustainable and low carbon economy

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests in a diversified portfolio of fixed and floating rate transferable debt securities issued by governments, public institutions or corporations anywhere in the world, and that are denominated in any freely convertible currencies.

The Sub-Fund invests minimum 75% of its net assets in bonds financing environmental projects (Green Bonds) and Sustainability Bonds.

Specifically, the Sub-Fund invests at least two thirds of net assets in fixed income securities, from issuers anywhere in the world, including Emerging Markets countries (up to maximum 50% of its net assets). These securities are mainly rated Investment Grade (direct or indirect exposure through units of UCITS and/or other UCIs within the limit set out below).

The Sub-Fund may invest less than 50% of net assets in Sub-Investment Grade Securities (high yield bonds). However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds. The Sub-Fund may also invest less than 50% of net assets in subordinated debt securities (including perpetual bonds, i.e. bonds without a maturity date, up to 30%) issued by banks, insurance companies and non-financial corporates.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest in the following, up to the portion of net assets shown:

- money market instruments: one quarter

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos). The Sub-Fund may also invest up to 10% of net assets in securities traded on the CIBM through Bond Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds) and are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

Exposure of the Sub-Fund's assets denominated in non-USD currency will be hedged against USD.

The Sub-Fund adopts a green impact investing approach that aims to support on the long run the Sustainable Development Goals (SDGs) established by the United Nations with a focus on the environmental themes (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and involves

purchasing bonds where the proceeds are earmarked for projects which support a low carbon economy or the basic needs of underserved populations and communities, by financing initiatives such as renewable energy, pollution prevention, access to healthcare, affordable housing and women empowerment.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes. Derivatives may be used for investment purposes only where the underlying assets are sustainable.

Derivatives may include futures, forwards, options and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a 2-step approach: 1/ defining the eligible universe after application of a green impact filter, and 2/ using a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- |                              |                                |
|------------------------------|--------------------------------|
| • Derivatives and leverage   | • Global investments           |
| • High yield debt securities | • Contingent convertible bonds |
| • ESG                        | • Emerging markets             |
| • Impact investments         | • Subordinated debt            |
| • Reinvestment risk          | • Bond Connect                 |
| • Extension risk             |                                |

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the



Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 9 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and in the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris

**Inception** 24 January 2022

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	0.80%	0.50%	—	
E	—	0.80%	0.50%	0.50%	
F	2.00%	0.50%	0.50%	—	
G	—	0.45%	0.50%	—	
I	—	0.45%	0.50%	—	
M	—	—	0.50%	—	
SP	—	0.20%	0.50%	—	
ZF	2%	0.50%	0.50%	—	
ZI	—	0.35%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# ACT Emerging Markets Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in USD, from an actively managed Emerging Markets countries' bond portfolio, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into debt securities issued by companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and/or are green, social or sustainability bonds.

**Investment Strategy** The Sub-Fund is actively managed in reference to the index composed of 45% J.P.Morgan Emerging Markets Bond Index Global Diversified Investment Grade + 5% J.P. Morgan Emerging Markets Bond Index Global Diversified BB + 45% J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified High Grade + 5% J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified BB (the "Benchmark") in order to capture opportunities in Emerging Markets countries' debt. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests in debt securities from Emerging Markets countries.

Specifically, at all times the Sub-Fund invests mainly in transferable debt securities issued by companies, quasi-public issuers or governments in Emerging Markets countries.

The Sub-Fund invests mainly in Investment Grade securities. The Sub-Fund may also invest up to 20% of net assets in Sub-Investment Grade securities. However, the Sub-Fund does not invest in securities rated B+ or below by Standard & Poor's or equivalent ratings by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The Sub-Fund will invest minimum 50% of its net assets in Green Bonds, Social Bonds and Sustainability Bonds.

The total assets of the Sub-Fund may be invested in callable bonds.

The Sub-Fund may also invest up to 10% of net assets in money market instruments.

The Sub-Fund does not invest in equity and equity-related instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (except money market funds).

The Sub-Fund aims to support on the long run SDGs with a focus on both the environmental (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes. The Sub-Fund seeks to achieve its objectives by investing at all times its assets in sustainable investments whose issuers have undergone an ESG analysis carried out according to AXA IM's sustainable investment framework, and/or are Green Bonds, Social Bonds or Sustainability Bonds

The Sub-Fund bindingly applies at all times a socially responsible investment 'Best-in-Universe' selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes only.

The Investment Manager hedges part of the currency risks. In an effort to enhance the portfolio's risk/reward profile, the Sub-Fund may attempt to hedge the risk exposures that are not expected to contribute to the portfolio's performance.

Derivatives for hedging purposes may include futures, FX forwards, swaps and single name CDS.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-30%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, followed by a second exclusion filter as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a 'Best-in-Universe' filter, designed to eliminate the worst issuers from the investment universe on the basis of the ESG Scores of the issuers; 2/ a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Emerging markets
- High yield debt securities
- Extension
- ESG
- Impact investments
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris

**Inception** 1 August 2023

Class*	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	0.80%	0.50%	—	
AX	—	0.35%	0.50%	—	
E	—	0.80%	0.50%	0.25%	
F	2.00%	0.45%	0.50%	—	
G	—	0.35%	0.50%	—	
I	—	0.35%	0.50%	—	
M	—	—	0.50%	—	
N	1.00%	0.80%	0.50%	1.00%	
U	5.50%	0.35%	0.50%	0.50%	
ZI	—	0.35%	0.50%	—	
ZF	2.00%	0.45%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to <http://www.axa-im.com> or request a list free of charge from the management company.

# ACT US Corporate Bonds Low Carbon

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in USD, from an actively managed bond portfolio, whose carbon footprint, measured as carbon intensity, is at least 30% lower than that of the Bloomberg US Corporate Investment Grade index (the “Benchmark”). As a secondary ‘extra-financial objective’, the water intensity of the portfolio aims also at being at least 30% lower than the Benchmark.

The Sub-Fund’s objective to invest in lower carbon emissions intensive exposures than the Benchmark is not performed in view of achieving the long-term global warming objectives of the Paris Agreement.

**Investment Strategy** The Sub-Fund is actively managed and references the Benchmark by both primarily investing in securities that are part of the Benchmark’s universe and seeking to achieve its extra-financial objective. As part of the investment process, the Investment Manager has full discretion over the composition of the Sub-Fund’s portfolio and may take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Sub-Fund’s Benchmark is a broad market index that does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 but is used as a reference for its objective.

The Sub-Fund invests in corporate and government bonds.

Specifically, the Sub-Fund invests essentially in Investment Grade transferable debt securities issued by governments, public institutions and companies, and that are denominated in USD. The Sub-Fund may also invest on an ancillary basis in Sub-Investment Grade securities at the time of their purchase. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the investment manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment manager.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

Derivatives may include single name credit default swaps (CDS).

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ analysing carbon intensity and water intensity data to ensure that the average of KPI carbon intensity and water intensity calculated at Sub-Fund’s level is at least 30% better than that calculated for the investable universe, followed by the application of a second exclusion filter, described in AXA IM’s Sectorial Exclusion Policies and ESG Standards Policies; 2/ evaluation of market views: of economic, valuation, technical analysis of the markets based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different sectors and types of instruments.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- High yield debt securities
- ESG
- Reinvestment
- 144A securities
- Contingent convertible bonds
- Extension

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc.

**Inception** 25 October 2016.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.75%	0.50%	—
E	—	0.75%	0.50%	0.50%
F	2.00%	0.40%	0.50%	—
G	—	0.25%	0.50%	—
I	—	0.25%	0.50%	—
M	—	—	0.50%	—
U	5.50%	0.45%	0.50%	0.45%
ZF	2.00%	0.40%	0.50%	—
ZI	—	0.20%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to <http://www.axa-im-international.com> or request a list free of charge from the management company.

# ACT US High Yield Bonds Low Carbon

## Investment Objective and Strategy

**Objective** To seek to achieve high income, in USD, from an actively managed bond portfolio whose carbon footprint, measured as carbon intensity, is at least 30% lower than that of the ICE BofA US High Yield Index (the “Benchmark”). As a secondary ‘extra-financial objective’, the water intensity of the portfolio aims also at being at least 30% lower than the Benchmark.

The Sub-Fund’s objective to invest in lower carbon emissions intensive exposures than the Benchmark is not performed in view of achieving the long-term global warming objectives of the Paris Agreement.

**Investment Strategy** The Sub-Fund is actively managed and references the Benchmark by seeking to achieve its extra-financial objectives. As part of the investment process, the Investment Manager has full discretion over the composition of the Sub-Fund’s portfolio and may take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Sub-Fund’s Benchmark is a broad market index that does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 but is used as a reference for its objective.

Specifically, the Sub-Fund invests at least two-thirds of net assets in Sub-investment Grade fixed income transferable debt securities denominated in USD-issued by US or non-US private or public companies. If securities are unrated, they must be judged equivalent to those levels by the investment manager. In addition, the Sub-Fund may invest up to one third of its net assets in investment grade transferable debt securities denominated in USD issued by US or non-US private or public companies.

The total assets of the Sub-Fund may be invested in callable bonds.

The Sub-Fund may invest up to one-third of net assets in US Treasury securities.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment manager.

The Sub-Fund may also invest in the following, up to the portion of net assets shown:

- money market instruments: one third
- convertible securities: less than 20%
- contingent convertible bonds (CoCos): up to 10%.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for hedging purposes only.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10% ; max, 90%
- repos/ reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ Analysing carbon intensity and water intensity data to ensure that the average of KPI carbon intensity and water intensity calculated at Sub-Fund’s level is at least 30% better than that calculated for the investable universe, followed by the application of a second exclusion filter, described in AXA IM’s Sectorial Exclusion Policies and ESG Standards Policies; 2/ evaluation of market views: of economic, valuation, technical analysis of the markets based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers, and management of the credit curve positioning and the exposure to different sectors.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- |   |                                |
|---|--------------------------------|
| • High yield debt securities                              | • ESG                          |
| • Investments in specific countries or geographical zones | • 144A securities              |
| • Convertible securities                                  | • Contingent convertible bonds |
| • Sovereign debt  | • Extension                    |
|   | • Reinvestment                 |

**Sustainability risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the sustainability risks on the Sub-Fund’s returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc.

**Inception** 29 March 2021.



Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	1.20%	0.50%	—	
E	—	1.20%	0.50%	0.25%	
F	2.00%	0.60%	0.50%	—	
G	—	0.50%	0.50%	—	
I	—	0.50%	0.50%	—	
M	—	—	0.50%	—	
ZI	—	0.40%	0.50%	—	
ZF	2.00%	0.60%	0.50%	—	

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

# ACT Multi Asset Optimal Impact

## Investment Objective and Strategy

**Objective** To seek both growth of your investment in the long term, in EUR, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and by investing across a broad range of asset classes in securities demonstrating a positive social and environmental impact.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests up to 75% of its net assets in equities (including high dividend equities) and/or up to 100% of its net assets in debt securities, including inflation-linked bonds (essentially green bonds, social bonds and sustainability bonds) issued by governments and companies that are primarily domiciled or listed in OECD countries and that may be, up to 30%, Sub-Investment Grade. The Sub-Fund aims at not exceeding a 10% annual volatility. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from minus 2 to 8.

The Sub-Fund may also invest in or be exposed to callable bonds up to 50% of its net assets.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to 30% of net assets in securities from non-OECD issuers.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos) and up to 10% of net assets in Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest in money market instruments and up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund aims to support on the long run the Sustainable Development Goals (SDGs) established by the United Nations with a focus on the environment and the social themes. Thus, when investing in equities, the Sub-Fund mainly applies at all times AXA IM's Impact approach for listed assets available on [Impact Investing | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#). With regards to debt securities, the Sub-Fund invests in green bonds, social bonds and sustainability bonds. The Investment Manager has defined a proprietary green, social and sustainability bonds assessment framework, mainly based on the ICMA Green and Social Bond Principles ("GSBP") and the Climate Bonds Initiative ("CBI") guidelines. The Investment Manager employs a rigorous internal green, social and sustainability bond selection process by filtering out bonds which are not in line with our internal green, social and sustainability bonds requirements.

The Sub-Fund seeks to achieve its objectives by investing at all times its assets in sustainable investments whose issuers have undergone an ESG analysis carried out according to AXA IM's sustainable investment framework.

The Sub-Fund bindingly uses at all times a socially responsible investment "Best-in-Universe" selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes. Derivatives may be used for investment purposes only where the underlying assets are sustainable.

Derivatives may include forward foreign currency contracts, currency options and futures, equity index futures, bond futures, interest rate futures, equity options, bond options, interest rate options, interest rate and inflation swaps, volatility index futures and options and also

- total return swaps (TRS including TRS index transaction) or other financial derivative transactions with similar characteristics to transfer to a counterparty, or receive from such counterparty, the total return from worldwide broad type of single or basket assets on equities, indexes, government bonds, corporate bonds, convertible bond and volatility indexes in exchange of the total return of interest rate payments.

For the purpose of achievement of the investment objective, the Sub-Fund may use the following techniques (as a % of net assets):

- total return swaps (unfunded): expected, 0%; max, 10%

Main types of assets in scope are single or basket assets on equities, indices, government bonds, corporate bonds, convertible bonds and volatility indices.

- credit default swaps (CDS): single name and basket and CDS on indices.

Such derivatives with underlying indices will not have significant rebalancing costs as the frequency of the rebalancing is quarterly or semi-annually depending on the nature of the derivative. The most representative indices used within the Sub-Fund are the S&P 500, and Eurostoxx 50 for equity, and iTraxx Europe Main and iTraxx Crossover for credit indices. The methodology of these indices is available on the following websites: <https://www.spglobal.com/spdji/en/index-finder>, <https://qontigo.com> and <https://ihsmarkit.com/index.html>. All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

The assets in scope are bonds.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Universe' filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the SDG scores; and 2/ judgement-led convictions with quantitative insight within a multi-tiered approach to risk. To benefit from market opportunities across a highly diversified investment universe focused on impact investments and demonstrate a positive and measurable social and environmental impact, the Investment Manager holds convictions at both asset allocation and security selection level. In addition, the Investment Manager uses a flexible allocation with the aim to navigate through evolving market conditions in order to capture the global market growth while mitigating the drawdown. The Investment Manager notably considers a variety of market signals on items such as macro, valuation, sentiment and technicals. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and overall risk/return profile with an emphasis on their capacity to create a positive impact.

Reference Currency EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Impact investments
- ESG
- Derivatives and leverage
- Global investments
- Emerging markets
- Defaulted Securities
- Extension
- Reinvestment
- High yield debt securities
- Contingent convertible bonds
- Inflation-linked products
- Distressed Securities
- Investment through the Stock Connect program

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Absolute Value at Risk (VaR).

**VaR Calculated for The Sub-Fund** The Investment Manager monitors the market risk below a VaR limit of 7% of the Sub-Fund’s NAV, under normal market conditions. The VaR used by the investment manager will have a 5 Business Days horizon and 95%

confidence level parameters. This means that there is a probability of 5% that the Sub-Fund’s NAV may lose more than 7% of its value within a 5 Business Days horizon. Such VaR corresponds to a 1% probability, under normal market conditions, that the Sub-Fund’s NAV may lose more than 20% of its value within a 20 Business Days.

*Value-at-Risk calculations assume normal market conditions and are statistical calculations, not guaranteed. For more information, see “Monitoring of Global Exposure”.*

**Expected level of leverage** Between 0 and 3.

*Not guaranteed. The effective level of leverage may be higher or lower than the expected level of leverage from time to time due to market conditions.*

## Additional Features

**Designed for Investors** who plan to invest for at least 5 years.

**SFDR category** Article 9 product.

**NAV Calculation Frequency** Daily

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 15 June 2020.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	5.50%	1.20%	0.50%	—	—
AX	5.50%	1.75%	0.50%	—	—
BE	—	1.20%	0.50%	1.00%**	3.00%***
E	—	1.20%	0.50%	0.50%	—
F	2.00%	0.60%	0.50%	—	—
G	—	0.60%	0.50%	—	—
I	—	0.60%	0.50%	—	—
M	—	—	0.50%	—	—
ZF	2.00%	0.60%	0.50%	—	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See “Notes on Sub-Fund’s Costs” for more information

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the “BE” Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Digital Economy

## Investment Objective and Strategy

**Objective<sup>10</sup>** To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the "Benchmark") for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund's portfolio and performance may deviate from the ones of the Benchmark.

The Sub-Fund invests in equities of large, medium and small sized companies in developed and Emerging Markets countries.

Specifically, at all times the Sub-Fund invests at least two thirds of its net assets in equities and equity-related securities of companies active in the overall value chain of the digital economy, from the customers' initial discovery of products and services, to the buying decision and then the final payment and delivery, and also in the technology enablers providing support and data analysis to develop companies' digital presence.

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region, including Emerging Markets countries.

The Sub-Fund may also invest up to 20% of net assets in money market instruments and up to 10% of net assets in Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.<sup>11</sup>

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos. All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process<sup>12</sup>** The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The securities selection, process is based on a rigorous analysis and selection of high quality companies which typically include strong management teams, robust business models and where the expanding digital economy is expected to have a material positive impact on their financial results on a mid to long term basis.

**Reference Currency** USD.

## Risks

**Risk Profile** risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Emerging markets
- Global investments
- Investments in small and/or micro capitalisation universe
- Investments in specific sectors or asset classes
- ESG
- Stock connect

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 24 October 2017.

<sup>10</sup> This Objective is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund's Objective is the following:

"To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach."

<sup>11</sup> This sentence applies as from 27 December 2024. Until 27 December 2024, this sentence shall instead read as follows:

"The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social ("ESG") practices."

<sup>12</sup> This Management Process is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund's Management Process is the following:

"The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Class' filter, designed to eliminate the worst issuers from the investable universe defined for ESG purposes on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ a rigorous analysis and selection of high quality companies which typically include strong management teams, robust business models and where the expanding digital economy is expected to have a material positive impact on their financial results on a mid to long term basis."

Digital Economy — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	5.50%	1.50%	0.50%	—	
BR	1.00%	0.60%	0.50%	—	
BL	—	1.50%	0.50%	1.00%**	3.00%***
E	—	1.50%	0.50%	0.50%	
F	2.00%	0.75%	0.50%	—	
G	—	0.60%	0.50%	—	
I	—	0.60%	0.50%	—	
M	—	—	0.50%	—	
N	2.00%	1.50%	0.50%	1.00%	
U	5.50%	0.75%	0.50%	0.75%	
ZD	2.00%	0.75%	0.50%	0.15%	
ZF	2.00%	0.75%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the Management Company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment.



# Emerging Markets Responsible Equity QI

## Investment Objective and Strategy

**Objective** To seek long-term return of your investment, in USD, above that of the MSCI Emerging Markets Total Return Net Index (the “Benchmark”), from an actively managed listed equity and equity-related securities portfolio and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in Emerging Market countries’ equities worldwide, by mainly investing in equities of companies that are part of the Benchmark. The investment universe of the Sub-Fund may extend to equity securities listed in countries of the Benchmark that are not constituents of the Benchmark. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index that does not necessarily consider in its composition or calculation methodology the ESG characteristics promoted by the Sub-Fund.

The Sub-Fund invests in equities of companies in Emerging Markets countries.

Specifically, the Sub-Fund invests at least two thirds of net assets in equities and equity-related securities of companies that are domiciled or do most of their business in countries of the Benchmark. The Sub-Fund may invest in equity securities of any market capitalisation (including mid and small capitalization companies).

The Investment Manager’s approach to portfolio construction is largely systematic and an optimiser is used to structure the portfolio in a way that is intended to meet the investment objective. The optimiser is designed to consider each stock’s factor exposure alongside its ESG scoring, Carbon Intensity and/or Water Intensity indicators. This process tilts the portfolio toward stocks with higher ESG scores and lower Carbon Intensity and/or Water Intensity while maintaining the desired factor exposure. The decision to hold, buy or sell a security is based on both financial and non-financial data.

The Sub-Fund may invest up to one third of net assets in money market instruments, up to 10% in A Shares listed in the Shenzhen and Shanghai Hong Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

### Management Process

The Investment Manager uses a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies and 2/ proprietary quantitative process designed to identify fundamental drivers of risk and return while seeking to significantly improve the Sub-Fund’s ESG profile compared to that of the Benchmark.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Emerging markets
- ESG
- Investment through the Stock Connect program
- Investments in small and/or micro-capitalisation universe
- Method and model

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited.

**Inception** 27 November 2007.

## Emerging Markets Responsible Equity QI — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*



A	5.50%	0.60%	0.50%	—	—
BL	—	0.60%	0.50%	1.00%**	3.00%***
BX	3%	1.35%	0.50%	—	—
E	—	0.60%	0.50%	0.25%	—
F	2.00%	0.30%	0.50%	—	—
I	—	0.25%	0.50%	—	—
M	—	—	0.50%	—	—
ZF	2.00%	0.25%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Euro Selection

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the Euro zone equities market, by mainly investing in equities of companies that are part of the EURO STOXX Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests mainly in equities of large, medium and small sized companies based in the Eurozone.

Specifically, at all times the Sub-Fund invests at least 66% of net assets in equities that are denominated in EUR. The Sub-Fund may invest up to 10% of net assets in companies not based in the Eurozone. The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund may invest up to one third of net assets in money market instruments and up to 10% in bonds, including convertible bonds and Sub-Investment Grade and/or unrated sovereign debt securities issued or guaranteed by any single country.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ using a strategy that combines macro-economic, sector and company specific analysis that relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in small and/or micro capitalisation universe
- Investments in specific countries or geographical zones
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 1 April 1988

**Euro Selection** — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
I	—	0.70%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Europe ex-UK MicroCap

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed and references MSCI Europe ex UK MicroCap Total Return Net (the “Benchmark”) for both comparative purposes and performance fees’ calculation of the performance fee share class against it. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark.

While ensuring sector diversification, the Sub-Fund invests in equities of small and micro-cap companies, the latter being companies with a market capitalisation of less than 1 billion EUR, domiciled or listed in Europe.

Specifically, at all times the Sub-Fund invests at least 75% of net assets in PEA and PEA/PME eligible securities and rights issued by companies that are registered in EEA.

On an ancillary basis, the Sub-Fund may invest in equities of companies domiciled or listed in the United Kingdom.

The Sub-Fund may also invest up to 20% of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs and up to 5% of net assets in special purpose acquisition companies (SPAC).

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ the application of exclusion filters, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies; followed by an ESG ‘scoring upgrade’ approach and 2/ the use of a strategy that combines macro-economic, sector and company specific analysis. The securities selection process relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in small and/or micro capitalisation universe
- Investments in SPAC
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Benchmark for performance fee** MSCI EUROPE ex UK MICRO CAP denominated in USD for USD Share Classes; MSCI EUROPE ex UK MICRO CAP denominated in USD converted in the currency of the Share Class for non-USD Share Classes.

The performance fee only applies to the outperformance of the benchmark according to the benchmark model.

**Other** PEA and PEA/PME eligible.

**Inception** 11 March 2019.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			Charges taken from the Sub-Fund under specific conditions
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	Performance Fee
A	5.50%	2.40%	0.50%	—	20%
AX	5.50%	1.50%	0.50%	—	20%
F	2.00%	1.20%	0.50%	—	20%

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Europe Small Cap

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed and references STOXX Europe Small 200 Total Return Net (the “Benchmark”) for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark.

The Sub-Fund invests essentially in equities of small and medium capitalisation companies domiciled in Europe, while ensuring sector diversification.

At all times the Sub-Fund invests at least two thirds of net assets in small cap companies listed on European markets.

The Sub-Fund may invest less than 25% of net assets in money market instruments and up to 10% in bonds, including convertible bonds.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ using a strategy that combines macro-economic, sector and company specific analysis that relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in small and/or micro capitalisation universe
- Investments in specific countries or geographical zones
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris

**Inception** 9 March 2001

Europe Small Cap – Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	5.50%	1.75%	0.50%	—	—
BL	—	1.75%	0.50%	1.00%**	3.00%***
E	—	1.75%	0.50%	0.50%	—
F	2.00%	0.90%	0.50%	—	—
I	—	0.70%	0.50%	—	—
M	—	—	0.50%	—	—
U	5.50%	0.875%	0.50%	0.875%	—
ZF	2.00%	0.90%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to AXA Investment Managers | Home | AXA IM Corporate (axa-im.com) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment.



# Evolving Trends

## Investment Objective and Strategy

**Objective**<sup>13</sup> To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in worldwide equity markets, by mainly investing in equities of companies that are part of MSCI AC World Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests essentially in equities of companies anywhere in the world.

Specifically, the Sub-Fund invests essentially in equities and equity-related securities of worldwide companies benefiting from major growth themes impacted by secular changes (such as demographics, technology innovations or environmental factors) that are deemed by the Investment Manager to represent the future for equity investors. The Sub-Fund may invest in companies of any capitalisation and in any market or sector. The Sub-Fund may invest up to 10% in convertible securities and up to 10% in A Shares listed in the Shanghai Hong Kong Stock Connect.

The Sub-Fund’s cash flow is invested with the objective of achieving liquidity, security and performance. The Sub-Fund may invest in money market instruments, monetary UCITS and deposits.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.<sup>14</sup>

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process**<sup>15</sup> The Investment Manager selects investments using a strategy that combines macro-economic and company specific analysis that relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Emerging markets
- Investments in small and/or micro-capitalisation universe
- Global investments
- ESG
- Investment through the Stock Connect program

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 1 July 2010.

<sup>13</sup> This Objective is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund’s Objective is the following: “To seek both long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.”

<sup>14</sup> This sentence applies as from 27 December 2024. Until 27 December 2024, this sentence shall instead read as follows: “The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.”

<sup>15</sup> This Management Process is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund’s Management Process is the following: “The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology, followed by a second ‘Best-in-Class’ filter; 2/ using a strategy that combines macro-economic and company specific analysis that relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.”

**Evolving trends** — Continued

Class	Maximum one-off charges taken when you invest					Maximum recurrent charges taken from the Sub-Fund over a year	
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*		
A	5.50%	1.50%	0.50%	—	—	—	
BE	—	1.50%	0.50%	1.00%**	3.00%***	—	
E	—	1.50%	0.50%	0.50%	—	—	
F	2.00%	0.75%	0.50%	—	—	—	
G	—	0.60%	0.50%	—	—	—	
I	—	0.60%	0.50%	—	—	—	
M	—	—	0.50%	—	—	—	
U	5.50%	0.75%	0.50%	0.75%	—	—	
ZF	2.00%	0.75%	0.50%	—	—	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Framlington Sustainable Europe

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in EUR from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the European equities markets, by mainly investing in equities of companies that are part of the MSCI Europe Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for its financial objective.

The Sub-Fund invests essentially in equities of companies of all sizes domiciled in Europe.

The Sub-Fund may invest less than 25% of net assets in money market instruments and up to 10% in bonds, including convertible bonds.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives only for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific countries or geographical zones
- Investments in small and/or micro capitalisation universe
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 15 October 2008.

Class	Maximum recurrent charges taken from the Sub-Fund over a year			
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
I	—	0.70%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Framlington Sustainable Eurozone

## Investment Objective and Strategy

**Objective** To seek both long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the Eurozone equity market, by mainly investing in equities of companies that are part of the EURO STOXX Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for its financial objective.

The Sub-Fund invests in equities of companies of all sizes domiciled in the Eurozone.

Specifically, at all times the Sub-Fund invests at least 75% of net assets in PEA eligible securities and rights issued by companies registered in the EEA and 60% of those assets at the minimum are invested in Eurozone markets. The Sub-Fund may invest less than 25% of net assets in companies not incorporated in the EEA.

The Sub-Fund may invest less than 25% of net assets in money market instruments and up to 10% of net assets in bonds, including convertible bonds.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager combines a “bottom-up” approach with a thematic research by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial rating calculated on the basis of the AXA IM ESG scoring methodology; 2/ based on a combination of macro-economic, industry analysis and company selection, the securities selection process relies on a rigorous analysis of the companies’ business model, underlying assets and balance sheet, whether the company meets Responsible Investment criteria and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific countries or geographical zones
- Investments in small and/or micro capitalisation universe
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the Euronext Paris stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Other** PEA eligible.

**Inception** 15 October 2008.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	5.50%	1.50%	0.50%	—	
E	—	1.50%	0.50%	0.75%	
F	2.00%	0.75%	0.50%	—	
I	—	0.70%	0.50%	—	
M	—	—	0.50%	—	
ZF	2.00%	0.75%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Global Convertibles

## Investment Objective and Strategy

**Objective** To seek medium to long-term growth of your investment from an actively managed convertible security portfolio and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in convertible securities, by investing at least one third of its net assets in securities that are part of the Thomson Reuters Convertible Global Focus Hedged Net (the “Benchmark”) universe. The Benchmark is also used for the purpose of performance fees’ calculation of the performance fee share class against it. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in convertible securities of issuers anywhere in the world that, the Investment Manager believes, appear to have undervalued credit ratings.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in convertible securities of which the underlying shares may be issued by companies of any capitalisation or sector. The Sub-Fund invests at least 51% of net assets in Investment Grade convertible securities, taking into account that the Sub-Fund may invest up to 49% of net assets in Sub-Investment Grade securities.

However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below the minimum, securities will be sold within 6 months.

The Sub-Fund may also invest in or be exposed to callable bonds up to 50% of its net asset.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to one third of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or are unrated.

The Sub-Fund may invest in listed equities and equity-related securities, and up to one third of net assets in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of

derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

The Sub-Fund uses derivatives for partially hedging the currency risk.

Derivatives may also be used for such purposes as:

- adjusting credit exposures (credit default swaps (CDSs))
- gain exposure to or hedge against equities, equity-related securities, bonds and other fixed income instruments, indices and currencies (derivatives used for investment purposes may include equity options, index options and index futures).

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ the application of exclusion filters, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies; followed by an ESG ‘scoring upgrade’ approach and 2/ using a combination of macro-economic, sector and issuer selection. The securities selection process relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- |                          |                              |
|--------------------------|------------------------------|
| • Convertible securities | • Derivatives and leverage   |
| • Global investments     | • High yield debt securities |
| • Emerging markets       | • 144A securities            |
| • Sovereign debt         | • ESG                        |
| • Extension              | • Reinvestment               |

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.



## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Benchmark for performance fee** Thomson Reuters Convertible Global Focus Hedged denominated in EUR for EUR Share Classes; Thomson Reuters Convertible Global Focus Hedged denominated in

EUR converted in the currency of the Share Class for non-EUR Share Classes; Thomson Reuters Convertible Global Focus Hedged denominated in the currency of the Share Class for non-EUR hedged Share Classes.

The performance fee only applies to the outperformance of the benchmark according to the benchmark model.

**Inception** 3 November 2010.

Class	Maximum one-off charges taken when you invest	Maximum recurrent charges taken from the Sub-Fund over a year			Charges taken from the Sub-Fund under specific conditions
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	Performance Fee
A	3.00%	1.50%	0.50%	—	10%
E	—	1.50%	0.50%	0.50%	10%
F	2.00%	0.75%	0.50%	—	10%
	2.00%	0.85%	0.50%	—	—
I	—	0.50%	0.50%	—	10%
	—	0.60%	0.50%	—	—
ZF	2.00%	0.75%	0.50%	—	10%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Global Sustainable Equity

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the equities markets, by mainly investing in equities of companies that are part of the MSCI World Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which **does not** qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for its financial objective.

The Sub-Fund invests essentially in worldwide equities and equity-related securities of companies of any market capitalisation (including mid and small capitalization companies).

The Sub-Fund may invest less than 25% of net assets in money market instruments, money market funds and bank deposits and up to 10% in bonds, including convertible bonds.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives only for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on a daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Global Investments
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited.

**Inception** 

Class*	Entry Charge	Maximum recurrent charges taken from the Sub-Fund over a year		
		Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
G	—	0.30%	0.50%	—
I	—	0.60%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home](#) | [AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* These Share Classes will be available for subscription at inception date or on the date of the first following subscription in these Share Classes at an initial price of EUR 100 or USD 100, depending on the Reference Currency.

# Italy Equity

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in EUR, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed and mainly invests in equities of companies of any capitalization domiciled or listed in Italy that are part of the FTSE Italia All-share NT Index benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

Specifically, at all times the Sub-Fund invests at least:

- 75% of net assets in PEA eligible securities and rights issued by companies that are registered in the EEA;

- 70% of net assets, directly or indirectly, in securities, including those not traded in regulated markets or Multilateral Trading Facilities (MTFs), issued or entered into with companies domiciled in Italy, as provided for by art. 73 of the consolidated law on income tax, under Presidential Decree 22 December 1986, no. 917, or in an EU or EEA Member State with permanent establishment in Italy.

Within this limit and during at least 2/3 of the calendar year, the aforesaid 70% must be invested as follows:

- at least 25% in securities of companies which are not listed in the FTSE MIB index of Borsa Italiana or any other equivalent indices of other regulated markets;

- at least 5% in securities which are not listed in the FTSE MIB and FTSE Mid Cap indices of Borsa Italiana or any other equivalent indices of other regulated markets.

The Sub-Fund may also invest up to 20% of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund cannot invest (i) more than 10% of net assets in securities or rights issued or entered with the same company and (ii) in securities issued by companies that are not resident in countries that allow an adequate exchange of information with Italy.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** Investment decisions are based on a combination of macroeconomic, sectors and company specific analysis. The securities selection process relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific countries or geographical zones
- Investments in small and/or micro-capitalisation universe
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the *Borsa Italiana* is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Other** PEA eligible. The Sub-Fund is classified as “qualified investments” eligible for the *piani individuali di risparmio a lungo termine* (PIR) pursuant to art. 1, paragraphs 100 to 114, of Law no. 232 of 11 December 2016, as amended. PIR established until 31st December 2018 are subject to the original text of the above-mentioned art. 1, paragraphs 100 to 114 of Law no. 232 of 2016, before the subsequent amendments.

**Inception** 10 January 1997.

Italy Equity — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
I	—	0.70%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# People & Planet Equity<sup>16</sup>

## Investment Objective and Strategy

**Objective<sup>17</sup>** To seek both long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and by applying an impact approach.

**Investment Strategy<sup>18</sup>** The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the “Benchmark”) for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests in large, medium and small sized companies in developed and Emerging Markets countries.

Specifically, at all times the Sub-Fund invests at least two thirds of its net assets in equities and equity-related securities of listed companies that demonstrate a strategic commitment to making products, supplying services and/or introducing and maintaining operational behaviour which provides innovative, impactful and commercial solutions to multiple environmental and/or social challenges (such as energy transition, protection of biodiversity, social progress).

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund may also invest up to 20% of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that classify as Article 9 SFDR products (excluding money market funds).

The Sub-Fund seeks to achieve its objectives by investing in sustainable companies that support in the long run the United Nations Sustainable Development Goals (“SDGs”): No poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Wellbeing (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6), Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Industry, Innovation, and Infrastructure (SDG 9), Reduced Inequality (SDG 10), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), Life below Water (SDG 14), Life on Land (SDG 15) and Peace, Justice and strong Institutions (SDG 16).

The Sub-Fund bindingly applies at all times AXA IM’s Impact approach for listed assets available on [Impact Investing | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#).

The Sub-Fund also bindingly adopts at all times an environmental responsible investment ‘Best in Universe’ selectivity approach.

**More information about sustainable investment is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”

<sup>16</sup> This name applies as from [9 January 2025]. Until [9 January 2025], the name of the Sub-Fund is “AXA World Funds - Longevity Economy”.

<sup>17</sup> This Objective is applicable as from [9 January 2025]. Until [9 January 2025], the Sub-Fund’s Objective is the following:

“To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.”

<sup>18</sup> This Investment Strategy is applicable as from 2 July 2024.[9 January 2025]. Until 2 July 2024,[9 January 2025], the Sub-Fund’s Investment Strategy is the following:

“The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the “Benchmark”) for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark. The Sub-Fund invests in equities of large, medium and small sized companies in developed and Emerging Markets countries.

Specifically, at all times the Sub-Fund invests at least two thirds of its net assets in equities and equity-related securities of companies associated with aspects of the Metaverse including companies involved in gaming, socializing, working and enabling technologies to support the development of the Metaverse (“Metaverse” is a term used to describe the evolution of the internet to an alternative digital reality powered by these enabling technologies where people can work, socialise and play in an experience that encompasses both the real and virtual world). Small capitalization companies are considered by the Investment Manager as companies with a market capitalization of minimum USD 500 million and investments in companies with a market capitalization below this threshold remain ancillary that focus on aged care, wellness and medical treatments. The Sub-Fund also aims at benefiting from the increasing silver spending (including leisure activities, financial planning and aesthetics). It covers all type of companies catering to the implications of aging demographics, from companies selling products to the affluent older population which accounts for an increasingly large proportion of consumer spending, to financial companies helping build long-term savings plans, or to real estate companies specializing in retirement homes or hospital facilities.

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund may also invest in up to 20% of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics. by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.”.



**Management Process**<sup>19</sup> The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Universe' filter based on SDG indicators; 2/ using a strategy that combines company specific analysis based on a rigorous analysis of the companies' impact on social and environmental challenges, as well as its business model, management quality, growth prospects and risk/return profile with a focus on medium to long-term benefits from companies that fill the social, environmental and governance criteria and respect the principles defined in the United Nations Global Compact Initiative.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Global investments
- Investments in small and/or micro-capitalisation universe
- Impact investment<sup>20</sup>
- Investments in specific sectors or asset classes
- ESG
- Stock Connect

- Emerging markets

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 9 product<sup>21</sup>

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 12 January 2007.

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<sup>19</sup> This Management Process is applicable as from [9 January 2025]. Until [9 January 2025], the Sub-Fund's Management Process is the following: "The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Class' filter, designed to eliminate the worst issuers from the investable universe defined for ESG purposes on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile with a focus on medium to long-term benefits from the expanding long-term demographic trend of the ageing of the population."

<sup>20</sup> This Risk Factor applies as from [9 January 2025].

<sup>21</sup> This SFDR category applies as from [9 January 2025]. Until [9 January 2025], the SFDR category of the Sub-Fund is article 8.



Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.75%	0.50%	—
E	—	1.75%	0.50%	0.50%
F	2.00%	0.90%	0.50%	—
G	—	0.70%	0.50%	—
I	—	0.70%	0.50%	—
M	—	—	0.50%	—
N	2.00%	1.75%	0.50%	1.00%
U	5.50%	0.875%	0.50%	0.875%
ZF	2.00%	0.90%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

<sup>22</sup> This name applies as from [9 January 2025]. Until [9 January 2025], the name of the Sub-Fund is “AXA World Funds - Longevity Economy”.

# AI & Metaverse (formerly Metaverse)

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the “Benchmark”) for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark.

The Sub-Fund invests in equities of large, medium and small sized companies of any sector in developed and Emerging Markets countries.

Specifically, at all times the Sub-Fund invests at least two thirds of its net assets in equities and equity-related securities of companies associated with the evolution of Artificial Intelligence (AI) and the development of the metaverse (metaverse is a term used to describe the evolution of the internet to an alternative digital reality powered by these enabling technologies where people can work, socialise and play in an experience that encompasses both the real and virtual world). Small capitalization companies are considered by the Investment Manager as companies with a market capitalization of minimum USD 500 million and investments in companies with a market capitalization below this threshold remain ancillary.

The Sub-Fund may also invest in money market instruments and up to 10% of net assets in A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics. **More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use listed derivatives (such as futures and options) for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-30%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos. All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The Investment Manager selects securities by relying on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits associated with the AI and the metaverse.

**Reference Currency** USD.

## Risks

**Risk Profile** risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Global Investments
- Investments in small and/or micro capitalisation universe
- ESG
- Emerging markets
- Investments in specific sectors or asset classes
- Investment through the Stock Connect program

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day<sup>23</sup>** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 7 April 2022.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	5.50%	1.50%	0.50%	—	—
BE	—	1.50%	0.50%	1.00%**	3.00%***
E	—	1.50%	0.50%	0.75%	—
F	2.00%	0.75%	0.50%	—	—
G	—	0.60%	0.50%	—	—

<sup>23</sup> This definition of Sub-Fund Business Day is applicable as from 2 July 2024. Until 2 July 2024, the definition of Sub-Fund Business Day is the following: “Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United Kingdom and the United States of America.”

I	—	0.60%	0.50%	—	—
M	—	—	0.50%	—	—
N	2.00%	1.50%	0.50%	1.00%	—
U	5.50%	0.75%	0.50%	0.75%	—
ZF	2.00%	0.75%	0.50%	—	—
ZI	—	0.50%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the Management Company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Global Small Cap Equity QI<sup>24</sup>

## Investment Objective and Strategy

**Objective**<sup>25</sup> To seek long-term return of your investment, in USD, above that of the MSCI World Small Cap Total Return Net (the “Benchmark”).

**Investment Strategy**<sup>26</sup> The Sub-Fund is actively managed in order to capture opportunities in worldwide equity markets, by mainly investing in equities of companies that are part of the Benchmark universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.

The Sub-Fund invests essentially in equities of small capitalisation companies anywhere in the world, including equities that are part of the Benchmark.

Specifically, the Sub-Fund invests in equities and equity-related securities of small capitalisation companies of any sector and listed on financial markets worldwide.

The Sub-Fund may invest, in total, up to 10% of net assets in money market Instruments, convertible bonds and exchange-traded funds (ETFs).

The Sub-Fund does not invest more than 10% of net assets in units of UCITS and/or UCIs.

The Investment Manager uses proprietary quantitative models that incorporate both financial and non-financial data to select securities for the Sub-Fund. The Investment Manager’s approach to portfolio construction is largely systematic, and an optimiser is used to structure the portfolio in a way that is intended to meet the investment objective. The optimiser is designed to consider available ESG (environmental, social and governance) information as well as Carbon Intensity and/or Water Intensity indicators alongside financial

information. The decision to hold, buy or sell a security is based on both financial and non-financial data.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process**<sup>27</sup> The Investment Manager selects securities from the investment universe using a largely systematic process to conduct rigorous analysis of companies’ financial and non-financial data to improve the Sub-Fund’s ESG score compared to that of the Benchmark.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors**<sup>28</sup> The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

<sup>24</sup> This name applies as from 9 January 2025. Until 9 January 2025, the name of the Sub-Fund is “AXA World Funds - Next Generation”.

<sup>25</sup> This Objective is applicable as from 9 January 2025. Until 9 January 2025, the Sub-Fund’s Objective is the following:

*“To seek both long-term growth of your investment, in USD, from an actively managed portfolio of listed equity and equity-related securities of innovative companies, and to apply an ESG approach.”*

<sup>26</sup> This Investment Strategy is applicable as from 9 January 2025. Until 9 January 2025, the Sub-Fund’s Investment Strategy is the following:

*“The Sub-Fund is actively managed in order to capture opportunities in worldwide equity markets, by mainly investing in equities of companies that are part of the S&P Global Small Cap Total Return Net benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Sub-Fund, but is used as a reference for its financial objective.*

*The Sub-Fund invests essentially in equities of small capitalisation companies anywhere in the world, including equities that are part of the Benchmark. Specifically, the Sub-Fund invests in equities and equity-related securities of small capitalisation companies of any sector and listed on financial markets worldwide.*

*The Sub-Fund may invest, in total, up to 10% of net assets in money market Instruments, convertible bonds and exchange-traded funds (ETFs).*

*The Sub-Fund does not invest more than 10% of net assets in units of UCITS and/or UCIs.*

*The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.*

*More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.*

<sup>27</sup> This Management Process is applicable as from 9 January 2025. Until 9 January 2025, the Sub-Fund’s Management Process is the following:

*“Investment decisions are based on a combination of macroeconomic, industry analysis and company selection. The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ an analysis of the companies’ business model, management quality, growth prospects, quality of technical edge and innovation and risk/return profile”.*

<sup>28</sup> Until 9 January 2025, the following Risk Factor applies to the Sub-Fund:

*“Emerging Markets”.*

- Investments in small and/or micro-capitalisation universe
- Global investments
- ESG
- Method and model<sup>29</sup>

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** <sup>30</sup> AXA Investment Managers UK Limited (London).

**Inception** 7 January 2013

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<sup>29</sup> This Risk Factor applies as from 9 January 2025.

<sup>30</sup> AXA Investment Managers UK Limited (London) will be the Investment Manager of the Sub-Fund as from 9 January 2025. Until 9 January 2025, the Investment Manager of the Sub-Fund will be AXA Investment Managers Paris.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	5.50%	1.75%	0.50%	—	
E	—	1.75%	0.50%	0.50%	
F	2.00%	0.90%	0.50%	—	
G	—	0.70%	0.50%	—	
I	—	0.70%	0.50%	—	
M	—	—	0.50%	—	
U	5.50%	0.875%	0.50%	0.875%	
ZF	2.00%	0.90%	0.50%	—	

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

<sup>31</sup> This name applies as from 9 January 2025. Until 9 January 2025, the name of the Sub-Fund is “AXA World Funds - Next Generation”.



# Robotech

## Investment Objective and Strategy

**Objective**<sup>32</sup> To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the “Benchmark”) for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s portfolio and performance may deviate from the ones of the Benchmark.

The Sub-Fund invests in large, medium and small sized companies in developed and Emerging Markets countries.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in equities and equity-related securities of companies in the robotics technology sector and/or companies making a large use of that technology in their business such as companies in transport, healthcare, semi-conductors or software industries. Investments may include companies of any market capitalisation.

The Sub-Fund may also invest in money market instruments and up to 10% of net assets in Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.<sup>33</sup>

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”. For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process**<sup>34</sup> The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The securities selection process relies a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from the design, production and/or use of robotics technology.

**Reference Currency** USD.

## Risks

**Risk Profile** risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Emerging markets
- Investments in specific sectors or asset classes
- Stock Connect
- Global investments
- Investments in small and/or micro capitalisation universe
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 13 December 2016.

<sup>32</sup> This Objective is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund’s Objective is the following:

*“To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.”*

<sup>33</sup> This sentence applies as from 27 December 2024. Until 27 December 2024, this sentence shall instead read as follows:

*“The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.”*

<sup>34</sup> This Management Process is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund’s Management Process is the following:

*“The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Class’ filter, designed to eliminate the worst issuers from the investable universe defined for ESG purposes on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from the design, production and/or use of robotics technology.”*

Robotech — Continued

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	5.50%	1.50%	0.50%	—	
BR	1.00%	0.60%	0.50%	—	
E	—	1.50%	0.50%	0.75%	
F	2.00%	0.75%	0.50%	—	
G	—	0.60%	0.50%	—	
I	—	0.60%	0.50%	—	
M	—	—	0.50%	—	
N	2.00%	1.50%	0.50%	1.00%	
U	5.50%	0.75%	0.50%	0.75%	
ZF	2.00%	0.75%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Sustainable Equity QI

## Investment Objective and Strategy

**Objective** To seek to achieve a long-term return above that of the MSCI World Total Return Net Index (the “Benchmark”), with lower volatility and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in reference to the Benchmark and seeks to achieve its financial goal by primarily investing in a well-diversified basket of equity securities of issuers that comprise the Benchmark. The investment universe of the Sub-Fund may extend to equity securities listed in countries of the Benchmark that are not constituents of the Benchmark. The Investment Manager may take, based on its investment convictions, overweight or underweight positions compared to the Benchmark, meaning that deviation from the Benchmark is likely to be significant. However, in certain market conditions, the Sub-Fund’s performance may be close to the Benchmark. This could occur, for example, when share performances are closely aligned to earnings growth, there is a low level of macroeconomic risk and the performance of the equity market aligns closely with the performance of the low volatility and quality factors targeted by the Investment Manager. For the sake of clarity, the Sub-Fund’s Benchmark is a broad market index that does not necessarily consider in its composition or calculation methodology the ESG characteristics promoted by the Sub-Fund.

Specifically, the Sub-Fund invests in equities and equity-related securities of companies of any capitalisation, with a minimum of investment of 51% of net assets in equities, at all times.

The Sub-Fund may invest up to 5% of its net assets in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

The Investment Manager’s approach to portfolio construction is largely systematic and an optimiser is used to structure the portfolio in a way that is intended to meet the investment objective. The optimiser is designed to consider each stock’s factor exposure alongside its ESG scoring, Carbon Intensity and/or Water Intensity indicators. This process tilts the portfolio toward stocks with higher ESG scores and lower Carbon Intensity and/or Water Intensity while maintaining the desired factor exposure. The decision to hold, buy or sell a security is based on both financial and non-financial data.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging purposes only.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

. By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos. All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

### Management Process

The Investment Manager selects investments by applying a 2-step approach:

1/ define the eligible sustainable investment universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies and 2/ use a proprietary quantitative process, designed to identify fundamental drivers of risk and return while seeking to significantly improve the Sub-Fund’s ESG profile compared to that of the Benchmark

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Global investments
- ESG
- Method and model

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 25 July 2013.

Sustainable Equity QI – Continued

Class	Maximum one-off charges taken when you invest				Maximum recurrent charges taken from the Sub-Fund over a year			
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee				
A	5.50%	0.45%	0.50%	—				
AX	5.50%	0.90%	0.50%	—				
BX	3%	1.35%	0.50%	—				
E	—	0.45%	0.50%	0.25%				
F	2.00%	0.25%	0.50%	—				
I	—	0.19%	0.50%	—				
M	—	—	0.50%	—				
N	2.00%	0.90%	0.50%	1.00%				
U	5.50%	0.55%	0.50%	0.55%				
ZF	2.00%	0.25%	0.50%	—				

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Switzerland Equity

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in CHF, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed and mainly invests in order to capture opportunities in equities issued by listed or domiciled Swiss companies that are part of a benchmark index composed of 60% SPI Middle Caps Total Return and 40% SPI Large Caps Total Return (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

Specifically, the Sub-Fund invests mostly in equities of companies of any capitalisation that are domiciled or listed in Switzerland.

The Sub-Fund may invest up to 10% of net assets in money market instruments, convertible bonds and exchange-traded funds (ETFs).

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-40%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The securities selection process relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** CHF.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific countries or geographical zones
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the SIX Swiss Exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 20 June 1990.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
F	2.00%	0.75%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# AXA World Funds — UK Equity

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in GBP, from an actively managed listed equity and equity-related securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the United Kingdom equity market, by mainly investing in equities of companies that are part of the FTSE All Share Total Return benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

Specifically, the Sub-Fund invests mainly in companies of any capitalisation that are domiciled or listed in the United Kingdom.

The Sub-Fund may invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager uses a strategy that combines macro-economic, sector and company specific analysis. The securities selection process relies on a rigorous analysis of the companies’ business model, management quality, growth prospects and risk/return profile.

**Reference Currency** GBP.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific countries or geographical zones
- Investments in small and/or micro-capitalisation universe

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the London stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 18 November 2015.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.50%	0.50%	—
F	2.00%	0.75%	0.50%	—
I	—	0.60%	0.50%	—
G	—	0.60%	0.50%	—
L	—	0.60%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.75%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in USD, from an actively managed listed equity and equity-related securities portfolio, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in North American equities market, by investing at least one third of its net assets in equities of companies that are part of the S&P 500 Total Return Net benchmark index (the "Benchmark") universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment convictions, large overweight or underweight positions on the sectors or companies compared to the Benchmark's composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in equities of companies of any capitalisation, that, the Investment Manager believes, appear to offer above-average profitability and growth prospects.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in equities and equity-related securities of companies that are domiciled or do most of their business in the US.

The Sub-Fund may invest up to one third of net assets in money market instruments and up to 10% in bonds, including convertible bonds and Sub-Investment Grade and/or unrated sovereign debt securities issued or guaranteed by any single country.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social ("ESG") practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Universe' filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ using a strategy that combines macro-economic, sector and companies' specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, profitability, growth prospects and risk/return profile.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Investments in small and/or micro-capitalisation universe
- Investments in specific countries or geographical zones
- ESG

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 1 October 2009.

<sup>35</sup> This name applies as from 27 December 2024. Until 27 December 2024, the name of the Sub-Fund is "AXA World Funds – US Responsible Growth".

**US Growth - Continued**

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.70%	0.50%	—
E	—	1.70%	0.50%	0.75%
F	2.00%	0.85%	0.50%	—
I	—	0.70%	0.50%	—
M	—	—	0.50%	—
N*	2.00%	1.30%	0.50%	1.00%
ZF	2.00%	0.85%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\*This Share Class will be available for subscription on the date of the first subscription in this Share Class at an initial price of EUR 100 or USD 100, depending on the Reference Currency

# AXA SPDB China A Opportunities

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in CNH, from an actively managed portfolio investing in the A-Share equity markets of the PRC.

**Investment Strategy** The Sub-Fund is actively managed and seeks to achieve its investment objective by mainly investing in equities of companies that are listed in the PRC and are part of the CSI 300 index (the “**Benchmark**”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, overweight or underweight positions on the sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests at least 80% of its net assets in China A shares of companies of any capitalization and in any market or sector listed in Shanghai or Shenzhen stock exchanges that are available through the QFI regime.

The Sub-Fund may invest up to 10% of net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives (e.g. forex forwards) for hedging purposes.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

The Sub-fund does not use securities lending, securities borrowing nor repos/reverse repos.

**Management Process** The Investment Manager selects investments (i) by applying a top-down qualitative analysis of market cycle and (ii) a bottom-up quantitative model and (iii) fundamental research

**Reference Currency** RMB (CNH).

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- China market
- Foreign exchange and currency
- Investments in specific countries or geographical zones
- Investments in small and/or micro capitalisation universe
- PRC tax consideration
- RMB currency
- ESG
- QFI regime

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be high.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and that is a full Business Day on which the Shanghai and Shenzhen stock exchanges are opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA SPDB Investment Managers Company Limited

**Inception** 7 August 2024

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.30%	0.50%	—
E	—	1.30%	0.50%	0.25%
F	2.00%	0.85%	0.50%	—
G	—	0.50%	0.50%	—
I	—	0.50%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.85%	0.50%	—
ZI	—	0.50%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Asian Short Duration Bonds

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in USD, from an actively managed Asian short duration bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests in Asian short duration bonds issued by Asian governments, public or private companies and supra-national entities that are denominated in Hard Currency.

Specifically, the Sub-Fund invests at least two thirds of net assets in Asian transferable debt securities. The Sub-Fund may invest up to 15% of net assets in bonds denominated in local currency and, out of this limit, up to 10% of net assets in securities denominated in offshore RMB.

The Investment Manager anticipates that the average duration of the Sub-Fund will generally be 3 years or less.

The Sub-Fund invests mainly in Investment Grade securities. The Sub-Fund may also invest in Sub-Investment Grade securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent ratings by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds and up to 50% of its net assets to perpetual bonds (i.e. bonds without maturity date) issued by banks, insurance companies and non-financial corporates.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one third of net assets in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

Derivatives may include options, swaps, credit derivatives (such as credit default swaps (CDS), futures and Forex forwards). The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, ≈ 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

It is the current intention of the Investment Manager to enter into securities lending transactions and repos/reverse repos for less than 30% of net assets in aggregate. All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Investments in specific countries or geographical zones
- Sovereign debt
- Defaulted securities
- Extension
- Emerging markets
- High yield debt securities
- Contingent convertible bonds
- ESG
- Distressed securities
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United States and Hong Kong.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited

**Inception** 10 March 2015.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	1.00%	0.50%	—
E	—	1.00%	0.50%	0.25%
F	2.00%	0.60%	0.50%	—
G	—	0.55%	0.50%	—
I	—	0.55%	0.50%	—
M	—	—	0.50%	—
N	1.00%	1.00%	0.50%	1.00%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.



# AXA World Funds — Euro 7-10

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the FTSE EMEA Euro Broad Investment Grade Bonds 7-10 Yrs benchmark index (the “Benchmark”) in order to capture opportunities in the Euro corporate and government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in Investment Grade debt securities, including Investment Grade only mortgage and asset backed securities up to 5% of the Sub-Fund's net assets, that are mainly denominated in EUR. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from 5 to 10.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in transferable debt securities issued by governments, public institutions, companies and are denominated in EUR. In order to achieve this sensitivity target, the Sub-Fund invests across the entire yield curve. The Sub-Fund may invest in Investment Grade and Sub-Investment Grade Securities. However, the Sub-Fund does not invest in Sub-Investment Grade Securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include futures, forwards and credit default swaps (single name CDS or CDS index). Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional

market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-40%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Contingent convertible bonds
- 144A securities
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 6 September 2005.



## Euro 7-10 — Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.60%	0.50%	—
E	—	0.60%	0.50%	0.25%
F	2.00%	0.45%	0.50%	—
I	—	0.30%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.45%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Euro Long Duration Bonds (formerly Euro 10+ LT)

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the FTSE EMEA Euro Broad Investment Grade Bonds 10+ Yrs EUR benchmark index (the “Benchmark”) in order to capture opportunities in the Euro corporate and government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in Investment Grade debt securities, including Investment Grade only mortgage and asset backed securities up to 5% of the Sub-Fund's net assets, that are denominated in EUR. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from 9 to 18.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in transferable debt securities issued by governments, public institutions and companies and are denominated in EUR.

In order to achieve this sensitivity target, the Sub-Fund invests across the entire yield curve. The Sub-Fund may invest in Investment Grade and Sub-Investment Grade Securities. However, the Sub-Fund does not invest in Sub-Investment Grade Securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. Derivatives may include futures, forwards and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”. For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Contingent convertible bonds
- 144A securities
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 4 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 6 September 2005.

Maximum one-off charges taken when you invest

Maximum recurrent charges taken from the Sub-Fund over a year

Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.60%	0.50%	—
E	—	0.60%	0.50%	0.25%
F	2.00%	0.45%	0.50%	—
I	—	0.30%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.45%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com) or request a list free of charge from the management company.

# AXA World Funds — Euro Bonds

## Investment Objective and Strategy

**Objective**<sup>36</sup> To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in reference to the FTSE EMEA Euro Broad Investment Grade Bonds benchmark index (the “Benchmark”) in order to capture opportunities in the Euro corporate and government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in Investment Grade debt securities, including Investment Grade only mortgage and asset backed securities up to 5% of the Sub-Fund's net assets, that are denominated in EUR.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in fixed and floating rate transferable debt securities issued by governments, public institutions and companies and are denominated in EUR. The Sub-Fund may invest in Investment Grade and Sub-Investment Grade Securities. However, the Sub-Fund does not invest in Sub-Investment Grade Securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics and aims to support on the long run SDGs with a focus on both the environmental (green buildings, low carbon transport, smart energy

solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes.<sup>37</sup>

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. Derivatives may include futures, forex forwards and credit default swaps (single name CDS or CDS index). The use of credit default swaps for investment purpose does not exceed 20% of net assets.

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated. The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-40%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process**<sup>38</sup> The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Class’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology and 2/ analysing a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning, and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- 144A securities

<sup>36</sup> This Objective is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund's Objective is the following:

*“To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio.”*

<sup>37</sup> This sentence applies as from 27 December 2024. Until 27 December 2024, this sentence shall instead read as follows:

*“The Sub-Fund promotes environmental and/or social characteristics.”*

<sup>38</sup> This Management Process applies as from 27 December 2024. Until 27 December 2024, the Sub-Fund's Management Process is the following:

*“The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning, and the exposure to different geographical areas, sectors and types of instruments.”*

- Contingent convertible bonds
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 22 January 1997.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.75%	0.50%	—
BX	3.00%	0.80%	0.50%	—
E	—	0.75%	0.50%	0.50%
F	2.00%	0.50%	0.50%	—
I	—	0.30%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.50%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Euro Buy and Maintain Sustainable Credit

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio and to apply an ESG approach .

**Investment Strategy** The Sub-Fund is actively managed in order to capture the credit premium offered by the corporate credit market in an economical manner, by investing at minimum one third of its net assets in securities that are part of the BofA Emu Corporate benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. For the sake of clarity, the Benchmark is a broad market index which does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for its financial objective.

The Sub-Fund seeks to capture the credit premium in an economical manner by investing in debt securities issued anywhere in the world and mainly denominated in EUR.

Specifically, the Sub-Fund invests essentially in fixed and floating rate transferable debt securities issued by governments, public institutions and companies, and rated Investment Grade based on the arithmetic average of available ratings from Standard & Poor’s, Moody’s and Fitch.

The total assets of the Sub-Fund may be invested in callable bonds.

The Sub-Fund may hold up to 5% of net assets in debt securities that are Sub-Investment Grade provided that they were Investment Grade when purchased. Sub-Investment Grade Securities are based on the arithmetic average of available ratings from Standard & Poor’s, Moody’s and Fitch. The Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lowest of available ratings. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may also invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs and are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented

good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for investment, hedging and efficient portfolio management purposes.

These may be listed or OTC derivatives. Derivatives used for investment purposes may include interest rate futures. The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** <sup>39</sup> The Investment Manager selects investments by applying a 2-step approach:

1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Universe’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ selecting investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers and a rigorous analysis of the companies’ business model, management quality, growth prospects, whether the company meets Responsible Investment criteria and risk/return profile. The Investment Manager also manages the credit curve positioning and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Contingent convertible bonds
- Global investments
- ESG
- Extension

<sup>39</sup> This Management Process applies as from 27 December 2024. Until 27 December 2024. The Sub-Fund’s Management Process is the following: “The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Class’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ selecting investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers and a rigorous analysis of the companies’ business model, management quality, growth prospects, whether the company meets Responsible Investment criteria and risk/return profile. The Investment Manager also manages the credit curve positioning and the exposure to different geographical areas, sectors and types of instruments.”

- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 8 January 2015.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	0.35%	0.50%	—	
F	2.00%	0.18%	0.50%	—	
I	—	0.13%	0.50%	—	
M	—	—	0.50%	—	
ZF	2.00%	0.18%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Euro Credit Plus

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio

**Investment Strategy** The Sub-Fund is actively managed in reference to the BofA Emu Corporate index (the “Benchmark”) in order to capture opportunities in the Euro investment grade and high yield market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio’s sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund’s positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests in corporate and sovereign bonds that are principally issued in the OECD and are denominated in EUR.

Specifically, the Sub-Fund invests in fixed and floating rate transferable debt securities issued by governments, public institutions and companies. The Sub-Fund invests at least two thirds of net assets in bonds denominated in EUR.

The Sub-Fund may invest up to 30% in Sub-Investment Grade Securities based on the arithmetic average of available ratings from Standard & Poor’s, Moody’s and Fitch. The Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent ratings by Moody’s or Fitch. Ratings are based on the lowest of available ratings. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds. The Sub-Fund may also invest up to 30% of net assets in subordinated debts (including perpetual bonds, i.e. bonds without a maturity date, up to 25%) issued by banks, insurance companies and non-financial corporates.

The Sub-Fund may also, and up to 5%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest in the following, up to the portion of net assets shown:

- money market instruments: one third
- convertible securities: one tenth
- equities and equity-related securities: one tenth

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment purposes.

Derivatives may include futures and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-30%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- |                                |                              |
|--------------------------------|------------------------------|
| • Derivatives and leverage     | • High yield debt securities |
| • Contingent convertible bonds | • ESG                        |
| • Defaulted Securities         | • Distressed Securities      |
| • Extension                    | • Subordinated debts         |
|                                | • Reinvestment               |

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 4 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 28 February 2003.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.90%	0.50%	—
AX	5.50%	1.45%	0.50%	—
E	—	0.90%	0.50%	1.00%
F	2.00%	0.50%	0.50%	—
I	—	0.35%	0.50%	—
J	2.00%	0.35%	0.50%	0.15%
M	—	—	0.50%	—
ZF	2.00%	0.50%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Euro Credit Short Duration

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the ICE BofA Euro Corporate 1-3 Yrs index (the "Benchmark") in order to capture opportunities in the Euro investment grade corporate and government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests in Investment Grade bonds that are denominated in EUR. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from 0 to 4.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in Investment Grade transferable debt securities issued by governments, companies or public institutions and denominated in EUR. The Sub-Fund may invest up to 10% of net assets in Sub-Investment Grade transferable debt securities based on arithmetical average of available ratings from Standard & Poor's, Moody's and Fitch. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lowest of available ratings. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The Sub-Fund may invest up to 10% of net assets in Investment Grade mortgage and asset backed securities based on ratings from Standard & Poor's, Moody's and Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds and up to 25% of its net assets to perpetual bonds (i.e. bonds without maturity date) issued by banks, insurance companies and non-financial corporates.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one third of net assets in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment purposes.

Derivatives may include futures and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- ESG
- Reinvestment
- Contingent convertible bonds
- Extension

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 2 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.65%	0.50%	—
E	—	0.65%	0.50%	0.40%
F	2.00%	0.50%	0.50%	—
I	—	0.25%	0.50%	—
M	—	—	0.50%	—
X	—	0.15%	0.50%	—
ZF	2.00%	0.50%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Euro Credit Total Return

## Investment Objective and Strategy

**Objective** To maximise total return (income and capital growth), in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund is exposed mainly, directly or indirectly through credit derivatives, to Investment Grade corporate and sovereign bonds issued in the OECD.

Specifically, the Sub-Fund is exposed mainly to Investment Grade corporate and sovereign transferable debt securities that are mainly denominated in EUR.

The Sub-Fund aims at not exceeding a 10% annual volatility. The Sub-Fund's average duration is expected to be from -2 to 6 years.

The Sub-Fund may invest in Sub-Investment Grade Securities based on ratings from Standard & Poor's, Moody's and Fitch. The Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds. The Sub-Fund may also invest up to 60% of net assets in subordinated debts (including perpetual bonds, i.e. bonds without a maturity date, up to 50%) issued by banks, insurance companies and non-financial corporates.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 20% in contingent convertible bonds (CoCos), up to 15% of net assets in bonds issued by Emerging Markets countries' issuers and up to 5% of net assets in asset backed securities. The Sub-Fund may also invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include futures and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

securities lending: expected, 0-20%; max, 90%

repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the credit curve positioning and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Global investments
- Contingent convertible bonds
- Defaulted Securities
- Extension
- Emerging markets
- High yield debt securities
- ESG
- Distressed Securities
- Subordinated debts
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Value at Risk (VaR).

**VaR Calculated for The Sub-Fund** The Investment Manager monitors the market risk below a VaR limit of 7% of the Sub-Fund's NAV, under normal market conditions. The VaR used by the Investment Manager will have a 5 Business Days horizon and 95% confidence level parameters. This means that there is a probability of 5% that the Sub-Fund's NAV may lose more than 7% of its value within a 5 Business Days horizon.

Such VaR corresponds to a 1% probability, under normal market conditions, that the Sub-Fund's NAV may lose more than 20% of its value within a 20 Business Days.

*Value-at-Risk calculations assume normal market conditions and are statistical calculations, not guaranteed. For more information, see "Monitoring of Global Exposure".*

**Expected level of leverage** Between 0 and 3. *Not guaranteed. The effective level of leverage may be higher or lower than the expected level of leverage from time to time due to market conditions.*

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 26 February 2015.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	0.95%	0.50%	—	—
BE	—	0.95%	0.50%	1.00%**	3.00%***
E	—	0.95%	0.50%	0.50%	—
F	2.00%	0.55%	0.50%	—	—
G	—	0.45%	0.50%	—	—
I	—	0.45%	0.50%	—	—
M	—	—	0.50%	—	—
ZF	2.00%	0.55%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Euro Government Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the JP Morgan EMU Investment Grade index (the "Benchmark") in order to capture opportunities in the Euro investment grade government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests in fixed and floating rate debt securities. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from 0 to 10.

Specifically, the Sub-Fund invests essentially in Investment-Grade government bonds issued or guaranteed by European countries, including non-Eurozone countries, and that are denominated in EUR.

On an ancillary basis, the Sub-Fund may invest in Investment-Grade covered bonds and other debt securities that are issued by governments and supranational agencies.

The Sub-Fund may hold up to 10% of net assets in debt securities that are Sub-Investment Grade provided that they were Investment Grade when purchased. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include futures, interest rates options, interest rate swaps, inflation swaps and credit default swaps (single name CDS or

CDS index). The use of CDS for investment purpose does not exceed 20% of net assets in term of inherent commitment.

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-50%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning, the exposure to different geographical areas and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Contingent convertible bonds
- 144A securities
- ESG

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 2 February 2010.

**Euro Government Bonds – Continued**

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.50%	0.50%	—
E	—	0.50%	0.50%	0.25%
F	2.00%	0.30%	0.50%	—
I	—	0.20%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.30%	0.50%	—
ZI	—	0.15%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Euro Inflation Bonds

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed inflation-linked bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the BCEURGVITINFL index (the “Benchmark”) in order to capture opportunities in the Euro inflation-linked bond market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in inflation-linked bonds denominated in EUR. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from 5 to 15.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in inflation-linked bonds and any other related debt securities issued by public institutions and companies in the Eurozone and denominated in EUR.

The Sub-Fund invests at least 90% of net assets in Investment Grade debt securities and less than 10% in Sub-Investment Grade debt securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months. The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to one third of net assets in debt securities that are not inflation-linked and up to one third of net assets in money market instruments.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics..

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include Forex forwards, futures, listed options and credit default swaps (single name CDS or CDS index) interest rate swaps and inflation swaps listed on regulated market or traded OTC.

Such derivatives with underlying indices will not have significant rebalancing costs. In case of rebalancing of the underlying index, the costs will not be significant.

In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-60%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and inflation trends. The Investment Manager also manages the Interest Rate Sensitivity, the inflation-linked yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Contingent convertible bonds
- 144A securities risk
- ESG
- Inflation-linked products

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 13 September 2005.

Maximum one-off charges taken when you invest

Maximum recurrent charges taken from the Sub-Fund over a year

Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.50%	0.50%	—
E	—	0.50%	0.50%	0.25%
F	2.00%	0.40%	0.50%	—
I	—	0.25%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.40%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Euro Short Duration Bonds

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the FTSE EMEA Euro Broad Investment-Grade Bond Index 1-5y benchmark index (the “Benchmark”) in order to capture opportunities in the Euro corporate and government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in Investment Grade debt securities, including Investment Grade only mortgage and asset backed securities up to 10% of the Sub-Fund's net assets, that are denominated in EUR. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from 0 to 5.

Specifically, the Sub-Fund invests at least two thirds of net assets in transferable debt securities issued by governments, public institutions and companies, and denominated in EUR.

In order to achieve this sensitivity target, the Sub-Fund invests across the entire yield curve.

The Sub-Fund may invest in Investment Grade and Sub-Investment Grade Securities. However, the Sub-Fund does not invest in Sub-Investment Grade Securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include futures, options, forwards and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Contingent convertible bonds
- 144A securities
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 2 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 6 September 2005.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.60%	0.50%	—
E	—	0.60%	0.50%	0.25%
F	2.00%	0.45%	0.50%	—
I	—	0.30%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.45%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Euro Strategic Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests in bonds of any type, including inflation-linked bonds, and any credit quality from issuers anywhere in the world.

Specifically, the Sub-Fund mainly invests in Investment Grade debt securities denominated in EUR and issued by governments, public institutions and companies. The Sub-Fund's average duration is expected to be from - 2 to 8 years.

The Sub-Fund may invest in Sub-Investment Grade Securities up to 20% of its net assets. However, the Sub-Fund does not invest in Sub-Investment Grade Securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the investment manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The Sub-Fund may also invest up to 30% of net assets in subordinated debt securities (including perpetual bonds, i.e. bonds without a maturity date, up to 25%) issued by banks, insurance companies and non-financial corporates and up to 100% of net assets in callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to 30% of net assets in bonds issued by Emerging Markets countries' issuers.

The Sub-Fund may invest up to 5% in asset backed securities and up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include futures, options, forwards and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs as the frequency of the rebalancing is generally quarterly or semi-annually depending on the nature of the CDS. The most representative indices used within the Sub-Fund are iTraxx Europe Main and iTraxx Crossover. The methodology of these indices is available on the following website: <https://ihsmarkit.com/index.html>. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-40%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The investment manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Inflation-linked products
- Emerging markets
- High yield debt securities
- Subordinated debts
- Contingent convertible bonds
- 144A securities
- ESG
- Global investments
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 6 September 2005.

**Euro Strategic Bonds - Continued**

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.60%	0.50%	—
E	—	0.60%	0.50%	0.25%
F	2.00%	0.45%	0.50%	—
I	—	0.30%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.45%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Euro Sustainable Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in reference to the FTSE EMEA Euro Broad Investment Grade Bonds benchmark index (the “Benchmark”) in order to capture opportunities in the Euro corporate and government bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio’s sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund’s positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in Investment Grade debt securities, including Investment Grade only mortgage and asset backed securities up to 5% of the Sub-Fund’s net assets, that are denominated in EUR.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in fixed and floating rate transferable debt securities issued by governments, public institutions and companies and are denominated in EUR. On an ancillary basis, the Sub-Fund may be exposed to securities not denominated in EUR and to exchange rate risk. The Sub-Fund may invest in Investment Grade and Sub-Investment Grade Securities, the latter up to 10% of net assets. However, the Sub-Fund does not invest in Sub-Investment Grade Securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may also invest in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics and aims to support on the long run SDGs with a focus on both the environmental (green buildings, low

carbon transport, smart energy solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment purposes.

Derivatives may include options, swaps, credit derivatives such as futures, Forex forwards and credit default swaps (single name CDS or CDS index) listed on any regulated market or traded OTC. The use of CDS for investment purpose does not exceed 20% of net assets.

One of the most representative indices used within the Sub-Fund is the Markit iTraxx Europe Main Index. The methodology of this index is available on the following website: <http://https://ihsmarkit.com/index.html>. Such CDS with underlying indices will not have significant rebalancing costs as the frequency of the rebalancing is generally quarterly or semi-annually depending on the nature of the CDS.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach:

1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Class’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/ using a strategy that combines macro-economic, sector and company specific analysis and a rigorous analysis of the companies’ business model, management quality, growth prospects, whether the company meets Responsible Investment criteria and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- ESG
- Derivatives and leverage
- Extension
- Reinvestment
- 144A securities
- Contingent convertible bonds

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 10 February 2020.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	0.75%	0.50%	—	
E	—	0.75%	0.50%	0.50%	
F	2.00%	0.35%	0.50%	—	
SP	2.00%	0.20%	0.50%	—	
I	—	0.30%	0.50%	—	
M	—	—	0.50%	—	
ZF	2.00%	0.30%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Euro Sustainable Credit

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio invested in sustainable securities and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed in reference to the ICE BofA Euro Corporate 1-10 Yrs benchmark index (the “Benchmark”) in order to capture opportunities in the Euro corporate and government bonds market. The Sub-Fund invests in Investment Grade fixed and floating rate debt securities that are denominated in EUR and are part of the components of the Benchmark by at least 50% of its net assets. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund’s positioning on the above indicators may be close to the Benchmark. For the sake of clarity, the Benchmark is a broad market index which does not qualify as an EU Climate Transition Benchmark or a EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011, but is used as a reference for its financial objective. Specifically, at all times the Sub-Fund invests at least two thirds of net assets in Investment Grade transferable debt securities issued by governments, public institutions and companies, and denominated in EUR.

The Sub-Fund may hold up to 5% of net assets in Sub-Investment Grade Securities based on the arithmetical average of available ratings from Standard & Poor’s, Moody’s and Fitch, provided that they were Investment Grade when purchased. However, the Sub-Fund may not hold securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lowest of available ratings. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months. The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds and up to 25% of its net assets to perpetual bonds (i.e. bonds without maturity date) issued by banks, insurance companies and non-financial corporates.

The Sub-Fund invests or is exposed to at least 10% of its net assets in Green Bonds, Social Bonds and Sustainability Bonds.

The Sub-Fund may invest up to 10% of net assets in Investment Grade mortgage and asset backed securities based on ratings from Standard & Poor’s, Moody’s and Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one third of net assets in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then

themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include interest rate futures and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** <sup>40</sup> The Investment Manager selects investments by applying a 2-step approach: 1/ Analysing carbon intensity data to ensure that the weighted average of carbon intensity calculated at Sub-Fund’s level is better than that calculated for the investable universe, followed by the application of an exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies;; 2/selecting investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers and management of the credit curve positioning, and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

<sup>40</sup> This Management Process applies as from 27 December 2024. Until 27 December 2024, The Sub-Fund’s Management Process is the following: “The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second ‘Best-in-Class’ filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology; 2/selecting investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers and management of the credit curve positioning, and the exposure to different geographical areas, sectors and types of instruments.”

- Derivatives and leverage
- ESG
- Extension
- Contingent convertible bonds
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 24 July 2008

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.75%	0.50%	—
E	—	0.75%	0.50%	0.75%
F	2.00%	0.50%	0.50%	—
I	—	0.30%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.50%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Global Buy and Maintain Credit

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in USD, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in order to capture the credit premium offered by the global corporate credit market in an economical manner, by investing at minimum one third of its net assets in securities that are part of the BofA Global Corporate Hedged USD benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund seeks to capture the credit premium in an economical manner. The Sub-Fund invests essentially in bonds from issuers anywhere in the world that are rated Investment Grade based on the arithmetic average of available ratings from Standard & Poor’s, Moody’s and Fitch. The total assets of the Sub-Fund may be invested in callable bonds.

Specifically, the Sub-Fund invests in fixed and floating rate transferable debt securities issued by governments, public institutions and companies located anywhere in the world, and that are denominated in any freely convertible currencies. The Sub-Fund may hold up to 5% of net assets in Sub-Investment Grade securities or unrated securities.

However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lowest of available ratings. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager. The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may also invest up to one third of net assets in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Technique** The Sub-Fund may use derivatives for investment, hedging and efficient portfolio management purposes.

Derivatives used for investment purposes may include interest rate futures.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the credit curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Emerging markets
- Contingent convertible bonds
- Derivatives and leverage
- Global investments
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 4 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis

**Investment Manager** AXA Investment Managers Paris.

**Inception** 15 January 2013.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.40%	0.50%	—
F	2.00%	0.20%	0.50%	—
I	—	0.15%	0.50%	—

M	—	—	0.50%	—
ZF	2.00%	0.20%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

# Global Emerging Markets Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in USD, from an actively managed, risk-adjusted Emerging Markets countries' bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the JP Morgan EMBIG Diversified Hedged USD benchmark index (the "Benchmark") in order to capture opportunities in emerging markets debt, while limiting its credit risk. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests in debt securities from Emerging Markets countries. Specifically, at all times the Sub-Fund invests at least two thirds of net assets in transferable debt securities issued by governments, public institutions and companies in Emerging Markets countries.

The Sub-Fund may also invest in or be exposed to callable bonds up to 50% of its net assets.

The Sub-Fund may also invest up to one third of net assets in money market instruments and up to 20% in debt securities denominated in local currencies, unhedged.

The Sub-Fund may also, and up to 10%, invest in Distressed and Defaulted Securities, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective.

The Sub-Fund may also invest in or be exposed to securities traded on the CIBM through Bond Connect (up to 10% of its net assets).

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund does not invest in equity and equity-related instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

The Investment Manager hedges part of the currency risks. In an effort to enhance the portfolio's risk/reward profile, the Sub-Fund may attempt to hedge the risk exposures that are not expected to contribute to the portfolio's performance.

Derivatives may include futures, forwards and credit default swaps (single name CDS and CDS index).

Any derivatives with underlying indices that rebalance will not have significant costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Emerging markets
- High yield debt securities
- Contingent convertible bonds
- Defaulted Securities
- Derivatives and leverage
- ESG
- Bond Connect
- Distressed Securities
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, United Kingdom and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 13 September 2005.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	3.00%	1.25%	0.50%	—	
E	—	1.25%	0.50%	1.00%	
F	2.00%	0.85%	0.50%	—	
G	—	0.70%	0.50%	—	
I	—	0.70%	0.50%	—	
M	—	—	0.50%	—	
N	1.00%	1.25%	0.50%	1.00%	
ZF	2.00%	0.85%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Global High Yield Bonds

## Investment Objective and Strategy

**Objective** To seek high income, in USD, from an actively managed bond portfolio. Capital growth is a secondary objective.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in international high yield corporate debt market, primarily investing in securities that are part of the ICE BofA Developed Markets High Yield Constrained benchmark index (the "Benchmark") universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in international fixed and floating rate securities mainly issued by European or American companies. Specifically, the Sub-Fund invests in fixed income debt securities issued by companies that are mainly rated Sub-Investment Grade or if unrated then deemed to be so by the Investment Manager. The Sub-Fund will not invest more than 10% of net assets in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 5% of net assets in units of UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

Derivatives used for investment purposes may include credit default swaps (single name CDS and CDS index). The use of CDS not used for hedging purpose does not exceed 20% of net assets.

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

It is the current intention of the Investment Manager to enter into securities lending transactions and repos/ reverse repos for less than 30% of net assets in aggregate.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- High yield debt securities
- Contingent convertible bonds
- Defaulted Securities
- Global investments
- 144A securities
- Distressed Securities
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc. (USA) .

**Sub-Investment Manager** AXA Investment Managers UK Limited for European fixed income securities.

**Inception** 12 March 2001.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	1.25%	0.50%	—
E	—	1.00%	0.50%	1.00%
F	2.00%	0.75%	0.50%	—
I	—	0.55%	0.50%	—
M	—	—	0.50%	—
U	5.50%	0.625%	0.50%	0.625%
ZF	2.00%	0.75%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Global Inflation Bonds

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed inflation-linked bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the Bloomberg World Inflation-Linked Hedged EUR benchmark index (the “Benchmark”) in order to capture opportunities in the inflation-linked bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio’s sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund’s positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in inflation-linked bonds issued in the OECD.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in inflation-linked bonds issued by governments, public institutions or companies in the OECD countries. The remaining part of the portfolio may be invested in debt securities that are not inflation-linked to reduce its exposure to inflation-linked bonds in anticipation of periods of lower inflation.

The Sub-Fund invests at least 90% of net assets in Investment Grade securities and less than 10% in Sub-Investment Grade securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or unrated.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one third of net assets in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund is managed within an Interest Rate Sensitivity ranging from 5 to 15 years.

Exposure of the Sub-Fund’s assets denominated in a currency other than the Sub-Fund’s Reference Currency is systematically hedged. There is no guarantee that such hedging be a perfect hedge at 100% of the net assets at all times.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

The Sub-Fund may use derivatives for such purposes as:

- hedging currency risk within the portfolio (futures, currency forwards, currency swaps). The Sub-Fund does not take any active currency exposure and uses foreign exchange derivatives for currency hedging only.
- adjusting exposure to various types or maturities of bonds and sectors (futures, buying calls and puts on interest rate futures, interest rate swaps)
- adjusting exposure to inflation (inflation swaps)
- adjusting specific credit exposures (single-name or index credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-40%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and inflation trends. The Investment Manager also manages the positioning on the inflation-linked yield curve, the Interest Rate Sensitivity and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Inflation-linked products
- 144A securities
- ESG
- Global investments
- Sovereign debt
- Contingent convertible bonds

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United States of America and the United Kingdom.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Inception** 13 September 2005.

**Investment Manager** AXA Investment Managers Paris.

## Additional Features of the RedEx Share Class

**Objective** To achieve the same objective as the Sub-Fund while mitigating a parallel global increase or decrease of interest rates curves at Share Class level.

**Use of Derivatives** The RedEx Share Class may use exchange-traded interest rate derivatives to reduce exposure to parallel shifts in different interest rates.

All derivatives use will be consistent with the terms in “More about Derivatives and Efficient Portfolio Management”.

### Specific Risks

- RedEx (Share Class) risk relating to interest rate risk

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	RedEx Fee
A*	3.00%	0.60%	0.50%	—	0.05%
E	—	0.60%	0.50%	0.65%	—
F*	2.00%	0.45%	0.50%	—	0.05%
I*	—	0.30%	0.50%	—	0.05%
M	—	—	0.50%	—	—
N	1.00%	0.90%	0.50%	1.00%	—
U	5.50%	0.45%	0.50%	0.45%	—
ZF	2.00%	0.45%	0.50%	—	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Since 31 July 2017, the Redex Share Classes are closed to subscriptions to new investors. Since 31 July 2018, the Redex Share Classes are closed to any subscriptions, including those from existing investors.

# Global Inflation Bonds Redex

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in EUR, from an actively managed inflation-linked bond portfolio while mitigating a parallel global increase or decrease of interest rates curves.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund invests mainly in inflation-linked bonds issued in the OECD.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in inflation-linked bonds issued by governments, public institutions or companies in the OECD countries.

The Sub-Fund invests at least 90% of net assets in Investment Grade Securities and less than 10% in Sub-Investment Grade Securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or unrated.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one third of net assets in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund is managed within an Interest Rate Sensitivity ranging from 0 to 4.

The Sub-Fund's exposure to nominal rates parallel shift will particularly be mitigated through the management of an interest rate listed derivatives overlay. The overlay strategy is implemented at the Sub-Fund's level. Thus, the Sub-Fund will proceed to the systematic sale of EUR, GBP and USD 10-year bond futures.

Exposure of the Sub-Fund's assets denominated in non-EUR currency will be hedged against EUR.

The Sub-Fund promotes environmental and/or social characteristics. **More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. The Sub-Funds may use exchange-traded interest rate derivatives to reduce exposure to parallel shifts in different interest rates.

The Sub-Fund may use derivatives for such purposes as:

- mitigating the interest rate exposure through the systematic sale of bond futures
- hedging currency risk within the portfolio (futures, currency forwards, currency swaps)
- adjusting exposure to various types or maturities of bonds and sectors (futures, buying calls and puts on interest rate futures, interest rate swaps)

- adjusting exposure to inflation (inflation swaps)
- adjusting specific credit exposures (single-name or index credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-50%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and inflation trends. The Investment Manager also manages the positioning on the inflation-linked yield curve, the Interest Rate Sensitivity and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- RedEx (strategy) risk relating to interest rate
- Global investments
- ESG
- Derivatives and leverage
- Contingent convertible bonds
- Inflation-linked products

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United States of America and the United Kingdom

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

Class	Entry Charge	Maximum recurrent charges taken from the Sub-Fund over a year		
		Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.65%	0.50%	—
E	—	0.65%	0.50%	0.65%
F	2.00%	0.50%	0.50%	—
I	—	0.35%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.50%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Global Inflation Short Duration Bonds

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in USD, from an actively managed inflation-linked bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in reference to the Bloomberg World Govt Inflation-Linked 1-5 Yrs Hedged USD benchmark index (the “Benchmark”) in order to capture opportunities in the short duration inflation-linked bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio’s sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund’s positioning on the above indicators may be close to the Benchmark.

The Sub-Fund invests mainly in inflation-linked bonds with short duration issued in the OECD.

Specifically, the Sub-Fund invests mainly in inflation-linked bonds issued by governments, public institutions or companies in the OECD countries. The remaining part of the portfolio may be invested in debt securities that are not inflation-linked to reduce its exposure to inflation-linked bonds in anticipation of periods of lower inflation. The Sub-Fund’s average duration is expected to be five years or less.

The Sub-Fund invests at least 90% of net assets in Investment Grade Securities and less than 10% in Sub-Investment Grade Securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or are unrated.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest in money market instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then

themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

The Sub-Fund may use derivatives for such purposes as:

- hedging currency risk within the portfolio (futures, currency forwards, currency swaps)
- adjusting exposure to various types or maturities of bonds and sector (futures, buying calls and puts on interest rate futures, interest rate swaps)
- adjusting exposure to inflation (inflation swaps)
- adjusting specific credit exposures (single-name or index credit default swaps).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and inflation trends. The Investment Manager also manages the positioning on the inflation-linked yield curve, the Interest Rate Sensitivity and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Inflation-linked products
- ESG
- Global investments
- Contingent convertible bonds

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	0.50%	0.50%	—	—
BE	—	0.50%	0.50%	1.00%**	3.00%***
E	—	0.50%	0.50%	0.50%	—
F	2.00%	0.30%	0.50%	—	—
I	—	0.25%	0.50%	—	—
M	—	—	0.50%	—	—
N	1.00%	0.80%	0.50%	1.00%	—
U	5.50%	0.40%	0.50%	0.40%	—
ZD	2.00%	0.30%	0.50%	0.04%	—
ZF	2.00%	0.30%	0.50%	—	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See “Notes on Sub-Fund’s Costs” for more information

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the “BE” Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 16 February 2016.

# Global Responsible Aggregate

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in EUR, from an actively managed bond portfolio, and to apply an ESG approach.

### Investment Strategy

The Sub-Fund is actively managed in reference to the Bloomberg Global Aggregate Index (the “Benchmark”<sup>41</sup> in order to capture opportunities in the bonds market. The Sub-Fund invests in fixed and floating rate debt securities issued by governments and Investment Grade companies or public institutions, and that are denominated in any freely convertible currencies and are part of the components of the Benchmark by at least 50% of its net assets<sup>42</sup>. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund’s positioning on the above indicators may be close to the Benchmark.

The Sub-Fund also invests in mortgage and asset backed securities from issuers anywhere in the world.

Specifically, the Sub-Fund invests at all times at least two third of net assets in fixed and floating rate transferable debt securities issued by governments, public institutions or companies located anywhere in the world, including up to 30% of its net assets in Emerging Markets countries.<sup>43</sup>

These securities are primarily rated Investment Grade, though the Sub-Fund may be exposed directly or indirectly through units of UCITS and/or other UCIs (within the limit set out below) less than 20% to Sub-Investment Grade Securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor’s or equivalent rating by Moody’s or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may invest or be exposed up to 20% of net assets in securities traded on the CIBM through Bond Connect.<sup>44</sup>

The Sub-Fund invests or is exposed to at least 10% of its net assets in Green Bonds, Social Bonds and Sustainability Bonds.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest in the following, up to the portion of net assets shown:

- mortgage and asset backed securities: one third
- money market instruments: one third

- convertible securities: 10%, including maximum 5% in contingent convertible bonds (CoCos)

The Sub-Fund’s portfolio has a weighted average duration of no less than one year.

The Sub-Fund may invest up to 10% of its net assets in 144A securities, depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

Securities denominated in a non-EUR currency are primarily hedged against EUR while allowing for tactical currency exposure at the discretion of the Investment Manager.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social (“ESG”) practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include futures, options, forex forwards, interest rate swaps, inflation swaps and credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

<sup>41</sup> This benchmark is applicable as from 30 December 2024. Until 30 December 2024, the benchmark is Bloomberg Global Aggregate OECD Currencies benchmark.

<sup>42</sup> This sentence applies as from 30 December 2024. Until 30 December 2024, the following sentence applies:

“The Sub-Fund invests in fixed and floating rate debt securities issued by OECD governments and Investment Grade companies or public institutions, and that are denominated in any freely convertible currencies and are part of the components of the Benchmark by at least 50% of its net assets.”

<sup>43</sup> This paragraph applies as from 30 December 2024. Until 30 December 2024, the following paragraph applies:

“Specifically, the Sub-Fund invests in fixed and floating rate transferable debt securities issued by governments, public institutions and companies in OECD countries. On an ancillary basis, the Sub-Fund may invest in securities issued in non-OECD countries. At all times, the Sub-Fund invests at least two thirds of net assets in bonds from issuers located anywhere in the world.”

<sup>44</sup> This sentence applies as from 30 December 2024.

**Management Process** <sup>45</sup> The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Universe' filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology, followed by the specific exclusions lists referred to in the SFDR annex of the Sub-Fund; 2/ selecting investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers and the management of the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- High yield debt securities
- Contingent convertible bonds
- Global investments
- 144A securities
- ESG
- Extension

- Bond connect<sup>46</sup>
- Emerging markets<sup>47</sup>
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Sub-Investment Manager** AXA Investment Managers US Inc. (USA) for American securities.

**Inception** 1 April 1988

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	0.75%	0.50%	—	—
BL	—	0.75%	0.50%	1.00%**	3.00%***
E	—	0.75%	0.50%	0.50%	—
F	2.00%	0.45%	0.50%	—	—
I	—	0.40%	0.50%	—	—
M	—	—	0.50%	—	—
U	5.50%	0.45%	0.50%	0.45%	—
ZF	2.00%	0.45%	0.50%	—	—
ZI	—	0.25%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment.

<sup>45</sup> This Management Process is applicable as from 27 December 2024. Until 27 December 2024, the Sub-Fund's Management Process is the following:

"The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies, followed by a second 'Best-in-Class' filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology, followed by the specific exclusions lists referred to above; 2/ selecting investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers and the management of the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas."

<sup>46</sup> This Risk Factor applies as from 30 December 2024.

<sup>47</sup> This Risk Factor applies as from 30 December 2024.



# Global Short Duration Bonds

## Investment Objective and Strategy

**Objective** Over a 2-year rolling period, to seek to generate income, in EUR, through dynamic exposure to the global short duration fixed income universe and an annualized return, net of fees, of the overnight rate of the share class currency capitalized or any successor or equivalent benchmark + spread (the “Benchmark”), i.e. +160 basis points for share classes of reference (I shares and G shares), and another spread which has been set up taking into consideration exclusively the respective approximate level of the ongoing charges applicable to each share class (i.e. respectively, +120 bps for A shares, +20 bps for BE shares, +80 bps for E shares, +145 bps for F and ZF shares, +185 bps for M shares, +75 bps for U shares and no spread for N shares).

This annualized return is an objective and is not guaranteed.

**Investment Strategy** The Sub-Fund is actively managed and references the Benchmark by seeking to outperform it. As part of the investment process, the Investment Manager has full discretion over the composition of the Sub-Fund’s portfolio. There are no restrictions on the extent to which the Sub-Fund’s performance may deviate from the one of the Benchmark. The Sub-Fund invests in a diversified portfolio of short duration transferable Investment Grade Securities or Sub-Investment Grade Securities including inflation-linked bonds, issued by governments, corporations or institutions located anywhere in the world, including Emerging Markets Countries, denominated in Hard Currency and money market instruments.

The total assets of the Sub-Fund may be invested in callable bonds. The Sub-Fund may invest up to 60% of its net assets in Sub-Investment Grade Securities. However, at all times, the Sub-Fund will have an average Investment Grade rating.

The Sub-Fund may also invest up to 25% of net assets in subordinated debts issued by banks, insurance companies and non-financial corporates.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The Sub-Fund may invest up to 10% of its net assets in assets issued by securitization vehicles or equivalent (such as assets backed securities (ABS), Collateralized Debt Obligations (CDO), Collateralized Loan Obligations (CLO) or any similar assets).

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics. **More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

Derivatives used for hedging may include futures, currency forwards, interest rate swaps and credit default swaps (CDS index).

One of the most representative CDS indexes used within the Sub-Fund is the Markit iTraxx Europe Main Index. The methodology of this index is available on the following website: <https://ihsmarkit.com/index.html>.

Such CDS indexes will not have significant rebalancing costs as the frequency of the rebalancing is generally every six months.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The asset allocation of the Sub-Fund will be driven by the AXA IM Fixed Income global investment process in order to create a diversified portfolio of short duration fixed income securities. This global investment process aims to establish a strong top-down strategy complemented by rigorous bottom-up credit research in order to exploit market opportunities while mitigating downside risk.

The Investment Manager selects investments based on a number of factors, including macro and micro economic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- High yield debt securities
- Global investments
- 144A securities
- ESG
- Defaulted Securities
- Subordinated debts
- Emerging markets
- Inflation-linked products
- Contingent convertible bonds
- Distressed Securities
- Extension risk
- Reinvestment risk

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 2 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United States of America and the United Kingdom.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 6 July 2017.

**Sub-Investment Manager** AXA Investment Managers US Inc. for certain US transferable debt securities.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	0.55%	0.50%	—	—
BE	—	0.55%	0.50%	1.00%**	3.00%***
E	—	0.55%	0.50%	0.40%	—
F	2.00%	0.30%	0.50%	—	—
G	—	0.25%	0.50%	—	—
I	—	0.25%	0.50%	—	—
M	—	—	0.50%	—	—
N	1.00%	0.80%	0.50%	1.00%	—
U	5.50%	0.50%	0.50%	0.50%	—
ZF	2.00%	0.30%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment



# Global Strategic Bonds

## Investment Objective and Strategy

**Objective** To seek both income and growth of your investment, in USD, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests in bonds of any type, credit quality and currency from issuers anywhere in the world, including Emerging Markets countries, and in money market instruments.

Specifically, the Sub-Fund invests mainly in fixed and floating rate Investment Grade and Sub-Investment Grade transferable debt securities, including inflation-linked bonds, debt securities issued by governments, public institutions and companies. It is expected that the Sub-Fund will invest at least two-thirds of its net assets in such securities under normal circumstances. The Sub-Fund may invest up to 100% of net assets in debt securities that are rated Sub-Investment Grade or if unrated (i.e. neither the security itself nor its issuer has a credit rating) then deemed to be so by the Investment Manager. The Sub-Fund may invest up to 25% of net assets in securities issued or guaranteed by a single sovereign issuer that are Sub-Investment Grade.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds. The Sub-Fund may also invest up to 25% of net assets in subordinated debts issued by banks, insurance companies and non-financial corporates.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The Sub-Fund may invest less than 20% of net assets in securitisation vehicles or equivalent such as asset-backed securities (ABS), collateralised debt obligations (CDO), collateralised loan obligations (CLO) or similar assets.

The Sub-Fund may invest up to 15% of net assets in contingent convertible bonds (CoCos).

In aggregate, the Sub-Fund will not invest more than 30% of net assets in securitisation vehicles or equivalent such as ABS, CDO, CLO or similar assets or in CoCos.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics. **More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. Derivatives may include futures, options and credit default swaps (single name CDS and CDS index). Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-50%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds. The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macroeconomic analysis, core strategies of the AXA Fixed Income expertise and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity and the exposure to different geographical areas and types of instruments.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Global investments
- Securitised assets and collateralised debt
- Contingent convertible bonds
- Defaulted securities
- Reinvestment
- Emerging markets
- High yield debt securities
- 144A securities
- ESG
- Distressed Securities
- Subordinated debts
- Extension
- Inflation-linked products

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, the United States of America and the United Kingdom.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London) and AXA Investment Managers Paris for securitized assets.

**Sub-Investment Manager(s)** AXA Investment Managers US Inc. (USA) for US credit securities.

**Inception** 2 May 2012.

Global Strategic Bonds - Continued

Class	Maximum one-off charges taken when you invest	Maximum recurrent charges taken from the Sub-Fund over a year			
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	1.00%	0.50%	—	—
BE	—	1.00%	0.50%	1.00%**	3.00%***
E	—	1.00%	0.50%	0.50%	—
F	2.00%	0.75%	0.50%	—	—
I	—	0.50%	0.50%	—	—
M	—	—	0.50%	—	—
N	1.00%	1.00%	0.50%	1.00%	—
U	5.50%	0.50%	0.50%	0.50%	—
ZF	2.00%	0.75%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Inflation Plus

## Investment Objective and Strategy

**Objective** To seek to outperform, in EUR, on a yearly basis the Euro area inflation expressed by the Harmonised Indices of Consumer Prices Excluding Tobacco (the “Benchmark”), net of ongoing charges.

This annualized target outperformance is an objective and is not guaranteed.

**Investment Strategy** The Sub-Fund is actively managed and references the Benchmark by seeking to outperform it. As the Benchmark is a rate notably used by European Central Bank for assessing price stability for monetary policy purposes and the Sub-Fund’s investment allocation or holdings’ composition is not constituted in relation to the Benchmark, the deviation from the Benchmark is likely to be significant. The methodology for Euro area inflation calculation can be found on the European Commission website ([https://ec.europa.eu/eurostat/statistics-explained/index.php/HICP\\_methodology#A\\_harmonised\\_methodology\\_for\\_the\\_HICP](https://ec.europa.eu/eurostat/statistics-explained/index.php/HICP_methodology#A_harmonised_methodology_for_the_HICP)). The Benchmark is produced and published using a methodology that is similar to the one existing for inflation linked bonds following the standard model (the Canadian model) such as French, German, Italian and US sovereign inflation linked securities. Inflation-linked bonds notably apply appropriate lags for determining their coupon and redemption based on a daily linear interpolated inflation rate as price indices are not immediately available at the end of each month. The Investment Manager considers for benchmarking a similar interpolation method to that of the major inflation-linked bonds markets such as French sovereign bonds linked to inflation. An example of such methodology can be found on the French Treasury’s website (<https://www.aft.gouv.fr/en/oatis-characteristics>).

The Investment Manager actively manages inflation breakevens by using inflation swaps (long or short position depending on its anticipation of the inflation perspectives), inflation-linked bonds and/or futures.

The Sub-Fund may invest up to 100% of net assets in debt securities and up to 100% of net assets in inflation-linked bonds, both issued by governments, public institutions and companies in OECD countries only (including emerging). However, the Sub-Fund does not invest more than 20% of net assets in corporate bonds. Exposure of the Sub-Fund’s assets denominated in non-EUR currency will be hedged against EUR.

The Sub-Fund invests only in Investment Grade debt securities. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such rating, securities will be sold within 6 months. The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund is managed with an inflation duration ranging from -10 to 10 years and an interest rates duration from 0 to 5 years.

The Sub-Fund may also invest in or be exposed to callable bonds up to 20% of its net asset.

The Sub-Fund may invest up to one third of net assets in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include Forex forwards, futures, listed options, credit default swaps (single name CDS or CDS index), interest rate swaps and inflation swaps listed on regulated market or traded OTC.

One of the most representative CDS indexes used within the Sub-Fund is Markit iTraxx Europe Main Index. The methodology of this index is available on the following website: <https://ihsmarkit.com/index.html>. Such CDS with underlying indexes will not have significant rebalancing costs as the frequency of the rebalancing is generally quarterly or semi-annually depending on the nature of the CDS.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-50%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-Fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and inflation trends. The Investment Manager also manages the inflation sensitivity, the Interest Rate Sensitivity, the inflation-linked yield curve positioning and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Inflation-linked products
- Emerging markets
- Reinvestment
- 144A securities risk
- ESG
- Sovereign debt risk
- Extension

**Sustainability risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the sustainability risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR Category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 4 October 2021

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	0.70%	0.50%	—	—
BE	—	0.70%	0.50%	1.00%**	3.00%***
E	—	0.70%	0.50%	0.35%	—
F	2.00%	0.40%	0.50%	—	—
G	—	0.35%	0.50%	—	—
I	—	0.35%	0.50%	—	—
M	—	—	0.50%	—	—
ZF	2.00%	0.40%	0.50%	—	—
ZI	—	0.30%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" or "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# US Credit Short Duration IG

## Investment Objective and Strategy

**Objective** To seek performance of your investment, in USD, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests mainly in Investment Grade corporate debt securities with short duration that are denominated in USD.

Specifically, the Sub-Fund invests in Investment Grade short duration transferable debt securities issued by companies and denominated in USD. The remaining part of the assets may be invested in transferable debt securities other than short duration. The Sub-Fund is managed with an interest rate duration ranging from 0 to 4.

The Sub-Fund may invest up to 15% of net assets in Sub-Investment Grade short duration debt securities issued by governments, public institutions or companies, and that are denominated in USD. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment manager.

The Sub-Fund may invest up to 15% of net assets in Investment Grade mortgage and asset backed securities and in transferable debt securities issued by governments or public institutions, and non-USD denominated bonds.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Investment Manager hedges the currency risk.

The Sub-Fund promotes environmental and/or social characteristics

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

Derivatives may include Credit default swaps (single name CDS or CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's

exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different sectors and types of instruments.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- 144A securities
- ESG
- Defaulted Securities
- Reinvestment
- High yield debt securities
- Contingent convertible bonds
- Distressed securities
- Extension

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 2 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc.

**Inception** 3 September 2013.

US Credit Short Duration IG – Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	0.65%	0.50%	—
E	—	0.65%	0.50%	0.40%
F	2.00%	0.35%	0.50%	—
I	—	0.25%	0.50%	—
M	—	—	0.50%	—
N	1.00%	0.90%	0.50%	1.00%
U	5.50%	0.45%	0.50%	0.45%
UA	2.00%	0.75%	0.50%	—
UF	—	0.75%	0.50%	—
ZF	2.00%	0.35%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# US Dynamic High Yield Bonds

## Investment Objective and Strategy

**Objective** To seek high income, in USD, from an actively managed bond portfolio. Capital growth is a secondary objective.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in US debt market, primarily investing in securities that are part of the ICE BofA US High Yield Master II benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in Sub-Investment Grade fixed and floating rate debt securities (high yield bonds) issued in the United States.

Specifically, the Sub-Fund invests essentially in Sub-Investment Grade fixed income transferable debt securities issued by private or public companies in the US domestic market, and in credit default swaps referencing such bonds. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. The net market exposure of the Sub-Fund will be between 75% and 150% of net assets.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment manager.

The Sub-Fund may also invest in the following, up to the portion of net assets shown:

- money market instruments: one third
- convertible securities: less than 20%
- equities: one tenth

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for hedging and investment.

Derivatives may include credit default swaps (CDS).

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different sectors.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- 144A securities
- Defaulted Securities
- Extension
- Reinvestment
- High yield debt securities
- Contingent convertible bonds
- Distressed securities

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be high.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc.

**Inception** 15 January 2014.

US Dynamic High Yield Bonds – Continued

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	1.30%	0.50%	—	—
BE	—	1.30%	0.50%	1.00%**	3.00%***
BR	—	0.60%	0.50%	—	—
E	—	1.30%	0.50%	0.50%	—
F	2.00%	0.70%	0.50%	—	—
I	—	0.60%	0.50%	—	—
M	—	—	0.50%	—	—
N	1.00%	1.30%	0.50%	1.00%	—
U	5.50%	0.65%	0.50%	0.65%	—
ZF	2.00%	0.70%	0.50%	—	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See “Notes on Sub-Fund’s Costs” for more information.

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the “BE” Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# US Enhanced High Yield Bonds

## Investment Objective and Strategy

**Objective** To seek high income, in USD, mainly through exposure to short duration securities of US-domiciled companies.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund is exposed to Sub-Investment Grade corporate bonds and floating rate debt securities (high yield bonds) with short duration issued by US companies.

Specifically, the Sub-Fund mainly invests in or is exposed through derivatives to Sub-Investment Grade corporate bonds and floating rate debt securities that are issued primarily by companies domiciled in the US. The Sub-Fund may be exposed up to 25% of net assets to transferable debt securities issued by non-OECD domiciled issuers.

The implementation of leverage is a core element of the Sub-Fund's investment strategy. Leverage may be used by the Sub-Fund through total return swaps (TRS) referencing single securities. The TRS will be dynamically managed to gain exposure to underlying single-name short duration corporate high yield bonds primarily issued by US companies. Leverage may vary over time depending on the market conditions. Therefore, there is no guarantee that the leverage is consistent during the minimum recommended investment period of the Sub-Fund.

The anticipated average expected time to maturity or redemption of investments is three years or less, although the Investment Manager may vary this approach if market conditions warrant.

The Sub-Fund may invest in or be exposed through derivatives to a significant extent to securities rated CCC or below by Standard & Poor's or equivalent rating by Moody's. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

To a lesser extent, the Sub-Fund may invest in or be exposed to preferred shares from corporate issuers domiciled inside or outside the US.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest in or be exposed to 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives will include TRS based on single name securities. The Sub-Fund may enter into transactions where the purpose is to transfer to a counterparty, or receive from such counterparty, the total return from a broad type of single assets on short duration corporate bonds. When entering TRS, the Sub-Fund expect to use between 0-150% of the net

assets; the maximum percentage of the net assets that can be allocated to TRS is 225%.

All derivatives usage will be consistent with the terms in "More about Derivatives".

The Sub-Fund will not use securities lending, securities borrowing, repos/reverse repos.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis (including earning prospects, anticipated cash flow, interest or dividend coverage and payment history, asset coverage, debt maturity schedules and borrowing requirements) and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different sectors.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risks Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- High yield debt securities
- 144A securities
- Reinvestment
- Extension
- Defaulted Securities
- ESG
- Derivatives and leverage
- Emerging markets
- Leverage provider
- Contingent convertible bonds
- Distressed Securities

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Value at Risk (VaR).

**VaR Calculated for The Sub-Fund** The Investment Manager monitors the market risk below a VaR limit of 7% of the Sub-Fund's NAV, under normal market conditions. The VaR used by the Investment Manager will have a 5 Business Days horizon and 95% confidence level parameters. This means that there is a probability of 5% that the Sub-Fund's NAV may lose more than 7% of its value within a 5 Business Days horizon.

Such VaR corresponds to a 1% probability, under normal market conditions, that the Sub-Fund's NAV may lose more than 20% of its value within a 20 Business Days.

*Value-at-Risk calculations assume normal market conditions and are statistical calculations, not guaranteed. For more information, see "Monitoring of Global Exposure".*

**Expected level of leverage** Between 0 and 2.25.

*Not guaranteed. The effective level of leverage may be higher or lower than the expected level of leverage from time to time due to market conditions.*

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years. The Sub-Fund has an investment strategy which employs leverage through the use of derivatives and therefore potentially leads to a higher level of volatility in returns. Investors must be aware that they bear the risk of losing a part of their investment.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Triple Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc. (USA).  
**Inception** 3 December 2018.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	1.80%	0.50%	—
E	—	1.80%	0.50%	0.35%
F	2.00%	1.40%	0.50%	—
G	—	1.30%	0.50%	—
I	—	1.30%	0.50%	—
L	3.00%	0.95%	0.50%	—
M	—	—	0.50%	—
N	1.00%	1.80%	0.50%	1.00%
U	5.50%	0.90%	0.50%	0.90%
UI	—	0.95%	0.50%	—
ZF	2.00%	1.35%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](http://AXA Investment Managers | Home | AXA IM Corporate (axa-im.com)) or request a list free of charge from the management company.

# US High Yield Bonds

## Investment Objective and Strategy

**Objective** To seek high income and long-term growth of your investment, in USD, from an actively managed bond portfolio.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the US high yield debt market, primarily investing in securities that are part of the ICE BofA US High Yield Master II benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in Sub-Investment Grade corporate bonds (high yield bonds) that are issued by US companies.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in Sub-Investment Grade fixed income transferable debt securities issued by private or public companies domiciled in the United States. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager.

The Sub-Fund may invest up to one third of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or are unrated.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment manager.

The Sub-Fund may invest up to one third of net assets in securities domiciled or listed in Canadian or European markets.

The Sub-Fund may also invest in the following, up to the portion of net assets shown:

- money market instruments: one third
- convertible securities: less than 10% (including contingent convertible bonds (CoCos))
- equities and equity-related securities: one tenth

The Sub-Fund’s portfolio has a weighted average duration of no less than one year.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

Derivatives may include credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different sectors.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- High yield debt securities
- Investments in specific countries or geographical zones
- Derivatives and leverage
- Defaulted Securities
- Extension
- Reinvestment
- Convertible securities
- Sovereign debt
- 144A securities
- Contingent convertible bonds
- Distressed Securities
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc. (USA).

**Inception** 29 November 2006.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	3.00%	1.50%	0.50%	—	—
BL	—	1.20%	0.50%	1.00%**	3.00%***
BR	1.00%	1.00%	0.50%	—	—
E	—	1.50%	0.50%	0.50%	—
F	2.00%	1.00%	0.50%	—	—
I	—	1.00%	0.50%	—	—
T	3.00%	1.50%	0.50%	—	—
M	—	—	0.50%	—	—
N	1.00%	1.20%	0.50%	1.00%	—
U	5.50%	0.60%	0.50%	0.60%	—
ZF	2.00%	1.00%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BL" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment.



# US Short Duration High Yield Bonds

## Investment Objective and Strategy

**Objective** To seek high income, in USD, through exposure to short duration securities of US domiciled companies.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund invests in Sub-Investment Grade corporate bonds (high yield bonds) with short duration issued by US companies.

Specifically, the Sub-Fund invests mainly in Sub-Investment Grade fixed income debt securities that are issued primarily by companies domiciled in the United States.

For Sub-Fund's investments, the anticipated average expected time to maturity or redemption is three years or less, although the Investment Manager may vary this approach if market conditions warrant.

The Sub-Fund may invest to a significant extent in securities rated below CCC by Standard & Poor's or equivalent rating by Moody's. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

To a lesser extent, the Sub-Fund may invest in preferred shares and in bonds from public or corporate issuers domiciled outside the United States.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

Derivatives may include credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager selects investments based on a number of factors, including macro- and microeconomic analysis (including earning prospects, anticipated cash flow, interest or dividend coverage and payment history, asset coverage, debt maturity schedules and borrowing requirements) and credit analysis of issuers. The Investment Manager also manages the credit curve positioning and the exposure to different sectors.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- High yield debt securities
- Contingent convertible bonds
- Defaulted Securities
- 144A securities
- Distressed Securities
- ESG
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers US Inc. (USA).

**Inception** 10 June 2016.

US Short Duration High Yield Bonds – Continued

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	3.00%	1.00%	0.50%	—
BR	1.00%	0.50%	0.50%	—
E	—	1.00%	0.50%	0.35%
F	2.00%	0.75%	0.50%	—
I	—	0.75%	0.50%	—
M	—	—	0.50%	—
N	1.00%	1.00%	0.50%	1.00%
U	5.50%	0.60%	0.50%	0.60%
UA	2.00%	0.75%	0.50%	—
UF	—	0.75%	0.50%	—
ZF	2.00%	0.75%	0.50%	—
ZI	—	0.70%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

# Defensive European Equity

## Investment Objective and Strategy

**Objective** To seek a long-term return, in EUR, through an exposure to the MSCI Europe Climate Paris Aligned Index (the “**Benchmark**”) with lower volatility, and to seek to offer a drawdown buffer up to 15% in comparison to the Benchmark on a quarterly basis, while capping the performance, through the use of derivatives, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed. As part of the investment process, the Investment Manager has discretion over the composition of the Sub-Fund’s portfolio and can take positions outside of the Benchmark’s composition – these will typically not comprise more than 20% of net assets of the Sub-Fund. Even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio, the overall performance and risk characteristics are likely to be different notably due to the financial derivative instrument overlay strategy. The Benchmark qualifies as an EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 and is used as a reference to promote its environmental and/or social characteristics. Details regarding the Benchmark, including its calculation methodology and composition can be found at: <https://www.msci.com/indexes/index/735595>.

The Sub-Fund essentially invests in equities and equity related securities of companies of all sizes and sectors listed in Europe and uses total return swaps to exchange the performance of such investments against the one of the Benchmark, overlaid by the derivative instrument overlay strategy described below.

The Sub-Fund seeks to mitigate quarterly downside risks up to 15% relative to the Benchmark (before fees and expenses), after the first -5% and up to -20%, in return for a capped upside performance, using a financial derivative instrument overlay strategy (i.e. by buying a put spread option, financed by the sale of a call option). The upside cap is adjusted at the beginning of each quarterly period, depending on prevailing market conditions and the put spread option cost.

The Sub-Fund may invest less than 10% of net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest less than 10% of net assets in government bonds.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics by investing in and getting exposure to securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include puts, calls and total return swaps (TRS including TRS index transaction) or other financial derivative transactions with similar characteristics to transfer to a counterparty, or receive from such counterparty, the total return from worldwide broad type of single or basket assets on equities, options, indices, government bonds, corporate bonds, in exchange of the total return of interest rate payments.

For the purpose of achievement of the investment objective, the Sub-Fund may use the following techniques (as a % of net assets):

- total return swaps (unfunded): expected, 200%; max, 300%

Main types of assets in scope are single or basket assets on equities, index options, government bonds and corporate bonds.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

The Sub-Fund uses neither securities lending, securities borrowing transactions nor repos/reverse repos. All efficient portfolio

management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects investments by applying a 2-step approach: 1/ defining the eligible universe after application of an exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second filter, building its investment universe based on the components of the Benchmark, excluding the worst securities based on their ESG scores; 2/ swap of the performance of the selected securities against the performance of the Benchmark overlaid by the derivative instrument overlay strategy.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Call and put options
- ESG

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 4 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg, in France and on which the Eurex is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward- Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 

**Defensive European Equity – Continued**

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class*	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.10%	0.50%	—
E	—	1.10%	0.50%	0.50%
F	2.00%	0.40%	0.50%	—
I	—	0.40%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* These Share Classes will be available for subscription at inception date or on the date of the first following subscription in these Share Classes at an initial price of EUR 100 or USD 100, depending on the Reference Currency

# Defensive Optimal Income

## Investment Objective and Strategy

**Objective** To seek growth of your investment in the medium term, in EUR, by investing across a broad range of asset classes while adopting a defensive approach.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund aims at not exceeding a 7% annual volatility<sup>48</sup>. The Sub-Fund invests in equities and debt securities of any type. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from minus 2 to 8.

Specifically, the Sub-Fund invests/ is exposed to up to 45% of net assets in equities and/or invests in or is exposed to up to 100% of its net assets in one or more of the following asset classes: transferable debt securities issued by governments, Investment Grade corporate securities and/or money market instruments<sup>49</sup>.

The Sub-Fund may invest up to 40% of net assets in securities from Emerging Markets countries. Investments in equities may include small capitalisation companies up to 20% of net assets.

The Sub-Fund may also invest in or be exposed to (in % of its net assets):

- Up to 50% in callable bonds,
- up not more than 20% in Sub-Investment Grade Securities,
- up to 15%: securities traded on the CIBM through Bond Connect,
- up to 10% in securitisation vehicles or equivalent such as asset backed securities (ABS), collateralised debt obligations (CDO), collateralised loan obligations (CLO) or any similar assets of any currency and of any rating (or unrated),
- up to 5% in contingent convertible bonds (CoCos),
- up to 10%: Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

Investment Grade and Sub-Investment Grade ratings are based on the linear average of Standard & Poor's, Moody's and Fitch ratings. If securities are unrated, they must be judged equivalent to the respective applicable level by the Investment Manager.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may also invest in/ be exposed to commodities through commodity indices, exchange-traded funds, exchange-traded commodities, equities, units or shares of UCITS and/or UCIs up to 15% of its net assets.

The Sub-Fund may invest all its assets in cash, cash equivalent and/or money market instruments when the risk of adverse market conditions is deemed significant.

The Sub-Fund invests not more than 10% of net assets in units of UCITS and/or UCIs, including units of regulated open-ended hedge funds which are submitted to an equivalent supervision.

At least 50% of the Sub-Fund's net assets will be hedged against EUR.

The Sub-Fund promotes environmental and/or social characteristics. **More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include:

- total return swaps (TRS including TRS index transaction) or other financial derivative transactions with similar characteristics to transfer to a counterparty, or receive from such counterparty, the total return from worldwide broad type of single or basket assets on equities, indices, government bonds, corporate bonds, convertible bonds, commodities, real property, commodity indices and volatility indices in exchange of the total return of interest rate payments

For the purpose of achievement of the investment objective, the Sub-Fund may use the following techniques (as a % of net assets):

- total return swaps (unfunded): expected, 0%; max, 35%

Main types of assets in scope are single or basket assets on equities, indices, government bonds, corporate bonds, convertible bonds, commodities, real property, commodity indices (such as Bloomberg Commodity ex-Agriculture and Livestock Capped Index) and volatility indices.

- forward foreign currency contracts.
- equity index futures, bond futures, interest rate futures.
- equity options, bond options, interest rate options.
- credit default swaps (CDS): single name and basket and CDS on indices.

Such derivatives with underlying indices will not have significant rebalancing costs as the frequency of the rebalancing is quarterly or semi-annually depending on the nature of the derivative. The most representative indices used within the Sub-Fund are the S&P 500, and Eurostoxx 50 for equity, and iTraxx Europe Main and iTraxx Crossover for credit indices. The methodology of these indices is available on the following websites: <https://www.spglobal.com/spdji/en/index-finder>, <https://qontigo.com> and <https://ihsmarkit.com/indx.html>. In cases of exceptional markets conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

<sup>48</sup> This sentence applies as from 27 December 2024. Until 27 December 2024, this sentence shall instead read as follows:

*"The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund aims at not exceeding a 5% annual volatility."*

<sup>49</sup> This sentence applies as from 27 December 2024. Until 27 December 2024, this sentence shall instead read as follows:

*"Specifically, the Sub-Fund invests/ is exposed to up to 35% of net assets in equities and/or invests in or is exposed to up to 100% of its net assets in one or more of the following asset classes: transferable debt securities issued by governments, Investment Grade corporate securities and/or money market instruments."*

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager builds his investments portfolio based on a conviction-based and flexible multi-asset allocation approach. The Investment Manager aims to flexibly maintain a widely diversified portfolio, while maintaining a low volatility.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage
- Global investments
- Investments in small and/or micro-capitalisation universe
- ESG
- Defaulted Securities
- Extension
- Reinvestment
- Emerging markets
- Hedge funds
- Contingent convertible bonds
- Bond Connect
- High yield debt securities
- Distressed Securities

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Absolute Value at Risk (VaR).

**VaR Calculated for the Sub-Fund** The Investment Manager monitors the market risk below a VaR limit of 7% of the Sub-Fund’s NAV, under normal market conditions. The VaR used by the Investment Manager will have a 5 Business Days horizon and 95% confidence level parameters. This means that there is a probability of 5% that the Sub-Fund’s NAV may lose more than 7% of its value within a 5 Business Days horizon. Such VaR corresponds to a 1% probability, under normal market conditions, that the Sub-Fund’s NAV may lose more than 20% of its value within a 20 Business Days.

*Value-at-Risk calculations assume normal market conditions and are statistical calculations, not guaranteed. For more information, see “Monitoring of Global Exposure”.*

**Expected level of leverage** Between 0 and 3

*Not guaranteed. The effective level of leverage may be higher or lower than the expected level of leverage from time to time due to market conditions.*

## Additional Features

**Designed for** Investors who plan to invest for at least 3 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 18 January 1999.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.00%	0.50%	—
E	—	1.00%	0.50%	0.50%
F	2.00%	0.50%	0.50%	—
I	—	0.40%	0.50%	—
M	—	—	0.50%	—
ZF	2.00%	0.50%	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Global Optimal Income

## Investment Objective and Strategy

**Objective** To seek growth of your investment in the long term, in EUR, together with stable income. The income yields are of secondary importance.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund invests in equities and debt securities of any type and aims at not exceeding a 15% annual volatility.

The Sub-Fund is managed with an Interest Rate Sensitivity ranging from minus 4 to 8.

Specifically, the Sub-Fund invests in or is exposed to up to 100% of its net assets in one or more of the following asset classes : equities (including high dividend equities), fixed income securities issued by governments, Investment Grade corporate securities and/or money market instruments.

The Sub-Fund may also invest in or be exposed to (in % of its net assets) :

- Up to 50% in callable bonds;
- up to 40% : securities from Emerging Markets countries;
- up to 20%: Sub-Investment Grade securities;
- up to 15%: securities traded on the CIBM through Bond Connect;
- up to 10%: securitisation vehicles or equivalent such as asset backed securities (ABS), collateralised debt obligations (CDO), collateralised loan obligations (CLO) or any similar assets of any currency and of any rating (or unrated);
- up to 5%: contingent convertible bonds (CoCos);
- up to 10%: Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect.

Investment Grade and Sub-Investment Grade ratings are based on the linear average of Standard & Poor's, Moody's and Fitch ratings. If securities are unrated, they must be judged equivalent to the respective applicable level by the Investment Manager.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The Sub-Fund may also invest in/ be exposed to commodities through commodity indices, exchange-traded funds, exchange-traded commodities, equities, units or shares of UCITS and/or UCIs up to 35% of its net assets.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs, including regulated open-ended hedge funds.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

Derivatives may include:

- total return swaps (TRS including TRS index transaction) or other financial derivative transactions with similar characteristics to transfer to a counterparty, or receive from such counterparty, the total return from worldwide broad type of single or basket assets on equities, indices, government bonds, corporate bonds, convertible bonds, commodities, real property, commodity indices and volatility indices in exchange of the total return of interest rate payments

For the purpose of achievement of the investment objective, the Sub-Fund may use the following techniques (as a % of net assets):

- total return swaps (unfunded): expected, 0%; max, 35%

Main types of assets in scope are single or basket assets on equities, indices, government bonds, corporate bonds, convertible bonds, commodities, real property, commodity indices (such as Bloomberg Commodity ex-Agriculture and Livestock Capped Index) and volatility indices.

- credit default swaps (CDS): single name and basket and CDS on indices
- forward foreign currency contracts
- derivative instruments relating to commodity indices
- equity index futures, bond futures, interest rate futures
- equity options, bond options, interest rate options
- interest rate and inflation swaps

Such derivatives with underlying indices will not have significant rebalancing costs as the frequency of the rebalancing is quarterly or semi-annually depending on the nature of the derivative. The most representative indices used within the Sub-Fund are the S&P 500, and Eurostoxx 50 for equity, and iTraxx Europe Main and iTraxx Crossover for credit indices. The methodology of these indices is available on the following websites: <https://www.spglobal.com/spdji/en/index-finder>, <https://qontigo.com> and <https://ihsmarkit.com/index.html>. In exceptional markets conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The investment manager uses macroeconomic, sector and company specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and overall risk/return profile. The fixed income allocation is managed in order to mitigate the volatility of equity returns.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Global investments
- Contingent convertible bonds
- High Yield debt securities
- Emerging markets
- Hedge funds
- ESG

- Bond Connect
- Distressed Securities
- Inflation-linked products
- Defaulted Securities
- Extension
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Absolute Value at Risk (VaR).

**VaR Calculated for The Sub-Fund** The Investment Manager monitors the market risk below a VaR limit of 7% of the Sub-Fund's NAV, under normal market conditions. The VaR used by the investment manager will have a 5 Business Days horizon and 95% confidence level parameters. This means that there is a probability of 5% that the Sub-Fund's NAV may lose more than 7% of its value within a 5 Business Days horizon. Such VaR corresponds to a 1% probability, under normal market conditions, that the Sub-Fund's NAV may lose more than 20% of its value within a 20 Business Days.

*Value-at-Risk calculations assume normal market conditions and are statistical calculations, not guaranteed. For more information, see "Monitoring of Global Exposure".*

**Expected level of leverage** Between 0 and 3.

*Not guaranteed. The effective level of leverage may be higher or lower than the expected level of leverage from time to time due to market conditions.*

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 15 February 2013.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year			
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*
A	5.50%	1.20%	0.50%	—	—
AX	5.50%	2.00%	0.50%	—	—
BE	—	1.20%	0.50%	1.00%**	3.00%***
BX	5.50%	1.25%	0.50%	—	—
E	—	1.20%	0.50%	0.50%	—
F	2.00%	0.60%	0.50%	—	—
I	—	0.60%	0.50%	—	—
M	—	—	0.50%	—	—
U	5.50%	0.675%	0.50%	0.675%	—
ZF	2.00%	0.60%	0.50%	—	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information.

\*\* Payable monthly in arrears on the basis of the daily Net Asset Value of the "BE" Share Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment

# Optimal Income

## Investment Objective and Strategy

**Objective** To seek growth of your investment in the long term, in EUR, together with stable income and to apply an ESG approach. The income yields are of secondary importance.

**Investment Strategy** The Sub-Fund is actively managed and uses, for some share classes, as reference the benchmark index specified in the section “Benchmark for performance fee” below (the “Benchmark”), for the purpose of performance fees’ calculation of the performance fee share class against it. As the Benchmark is a rate notably used for performance measurement and the Sub-Fund’s investment allocation or holdings’ composition is not constituted in relation to the Benchmark, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in equities and debt securities of any type from European issuers and aims at not exceeding a 15% annual volatility. The Sub-Fund is managed with an Interest Rate Sensitivity ranging from minus 4 to 8.

Specifically, the Sub-Fund invests in or is exposed to up to 90% of its net assets in equities including high dividend equities (with a minimum of investment of 25% of net assets in equities, at all times) and up to 100% of its net assets in one or more of the following asset classes: fixed income securities issued by governments, Investment Grade Securities issued by companies that are domiciled or listed in Europe and/or money market instruments.

The Sub-Fund may invest in or be exposed to (in % of its net assets):

- Up to 50% in callable bonds,
- up to 20%: Sub-Investment Grade Securities;
- up to 40%: securities from Emerging Markets countries;
- up to 10% : securitisation vehicles or equivalent such as asset-backed securities (ABS), collateralised debt obligations (CDO) or collateralised loan obligations (CLO) or any similar assets of any currency and of any rating (or unrated);
- up to 5%: contingent convertible bonds (CoCos).

The Sub-Fund may also invest in or be exposed to:

- up to 20% equities from issuers based outside Europe, including Chinese A Shares listed in the Shanghai Hong-Kong Stock Connect;
- up to 15%: securities traded on the CIBM through Bond Connect;

being understood that in aggregate, such investments in mainland China related securities market may not exceed 20% of net assets.

Investment Grade and Sub-Investment Grade ratings are based on the linear average of Standard & Poor’s, Moody’s and Fitch ratings. If securities are unrated, they must be judged equivalent to the respective applicable level by the Investment Manager.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund’s investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The Sub-Fund may also invest in/ be exposed to commodities through commodity indices, exchange-traded funds, exchange-traded commodities, equities, units or shares of UCITS and/or UCIs up to 35% of its net assets.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs, including regulated open-ended hedge funds.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental impacts, governance and social (“ESG”) practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 40% of the net assets of the Sub-Fund.

Derivatives may include:

- total return swaps (TRS including TRS index transaction) or other financial derivative transactions with similar characteristics to transfer to a counterparty, or receive from such counterparty, the total return from worldwide broad type of single or basket assets on equities, indexes, government bonds, corporate bonds, convertible bonds, commodities, real property, commodity indices and volatility indices in exchange of the total return of interest rate payments

For the purpose of achievement of the investment objective, the Sub-Fund may use the following techniques (as a % of net assets):

- total return swaps (unfunded): expected, 0%; max, 35%

Main types of assets in scope are single or basket assets on equities, indices, government bonds, corporate bonds, convertible bonds, commodities, real property, commodity indices (such as Bloomberg Commodity ex-Agriculture and Livestock Capped Index) and volatility indices.

- Futures
- Forwards
- Options
- credit default swaps (CDS).

Such derivatives with underlying indices will not have significant rebalancing costs as the frequency of the rebalancing is quarterly or semi-annually depending on the nature of the derivative. The most representative indices used within the Sub-Fund are the S&P 500, and Eurostoxx 50 for equity, and iTraxx Europe Main and iTraxx Crossover for credit indices. The methodology of these indices is available on the following websites: <https://www.spglobal.com/spdji/en/index-finder>, <https://qontigo.com> and <https://ihsmarkit.com/index.html>. In exceptional market condition, the Sub-Fund’s exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager selects securities by applying a 2-step approach: 1/ defining the eligible universe after application of a first exclusion filter, as described in AXA IM’s Sectorial Exclusion and ESG Standards Policies, followed by a second “Best-in-Class” filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra

financial scoring calculated on the basis of the AXA IM proprietary ESG scoring methodology ; 2/ using macroeconomic, sector and company specific analysis which relies on a rigorous analysis of the companies' business model, management quality, growth prospects and overall risk/return profile. The fixed income allocation is managed in order to mitigate the volatility of equity returns.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Hedge funds
- ESG
- High yield debt securities
- Defaulted Securities
- Extension
- Reinvestment
- Bond connect
- Global investments
- Contingent convertible bonds
- Distressed securities
- Emerging market

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Absolute Value at Risk (VaR).

**VaR Calculated for The Sub-Fund** The Investment Manager monitors the market risk below a VaR limit of 7% of the Sub-Fund's NAV, under normal market conditions. The VaR used by the investment manager will have a 5 Business Days horizon and 95% confidence level parameters. This means that there is a probability of 5% that the Sub-Fund's NAV may lose more than 7% of its value within a 5 Business Days horizon. Such VaR corresponds to a 1% probability, under normal market conditions, that the Sub-Fund's NAV may lose more than 20% of its value within a 20 Business Days.

*Value-at-Risk calculations assume normal market conditions and are statistical calculations, not guaranteed. For more information, see "Monitoring of Global Exposure".*

**Expected level of leverage** Between 0 and 3. *Not guaranteed. The effective level of leverage may be higher or lower than the expected level of leverage from time to time due to market conditions.*

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Benchmark for performance fee** the maximum between zero and €STR + 8.5 bps cap + 200 bps denominated in EUR for EUR Share Classes and US Federal Funds (Effective) – Middle Rate Capi +200bps for USD Share Classes.

The performance fee only applies to the outperformance of the benchmark according to the Absolute High Water Mark formula. This performance fee model is appropriate as the Sub-Fund (i) aims to use its full flexibility for its allocation between assets classes as equity, fixed income or other, (ii) can have a maximum exposure to equities up to 75%, a sensitivity to rates between -4 to 8 years, can be exposed or not to foreign currencies (EUR is the main currency) and (iii) should deliver positive performance on a medium / long term average period which should not be compared to a specific benchmark.

**Inception** 19 November 2003

Class	Maximum one-off charges taken when you invest	Maximum recurrent charges taken from the Sub-Fund over a year			Charges taken from the Sub-Fund under specific conditions	
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	CDSC*	Performance Fee
A	5.50%	1.20%	0.50%	—	—	20%
BL	—	1.20%	0.50%	1.00%**	3.00%***	20%
E	—	1.20%	0.50%	0.75%	—	20%
F	2.00%	0.60%	0.50%	—	—	20%
I	—	0.45%	0.50%	—	—	20%
M	—	—	0.50%	—	—	20%
ZF	2.00%	0.60%	0.50%	—	—	20%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

\* Contingent Deferred Sales Charge – See "Notes on Sub-Fund's Costs" for more information

\*\* Payable monthly in arrears on the basis of the average daily Net Asset Value of the "BL" Share-Class.

\*\*\* Decreases yearly, reaching zero 3 years after investment.



# Global Income Generation

## Investment Objective and Strategy

**Objective** To seek both regular income and growth of your investment in the medium term, in EUR, through asset class diversification.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund invests mainly in bonds of any type and credit rating or unrated, including high income bonds, in equities, including high dividend equities, through fundamental approach and/or the use of a proprietary quantitative process, and in money market instruments. These securities may be from issuers anywhere in the world. The Sub-Fund may also seek exposure to other asset classes, such as commodities (notably through commodity indices, exchange-traded funds, exchange-traded commodities, equities, units or shares of UCITS and/or UCIs), volatility of equity markets and real estate.

Specifically, the proportion of the Sub-Fund's assets that can be invested in equities and/or in commodities or commodity indices is flexible and may vary from 0% to 50%. However, over the long term, a high proportion of the Sub-Fund's net assets will be invested in fixed income and money market instruments.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The allocation between the various asset classes in which the Sub-Fund may invest is decided in a flexible and discretionary manner.

The Sub-Fund may also, and up to 10%, hold Distressed and Defaulted Securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund's exposure to fixed income denominated in non-EUR currency will be partially hedged against EUR.

The Sub-Fund promotes environmental and/or social characteristics

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. Derivatives may include:

- total return swaps (TRS) or other financial derivative transactions with similar characteristics: the Sub-Fund may enter into transactions the purpose of which is to transfer to a counterparty, or receive from such counterparty, the total return of a specified reference index including equity index (such as MSCI All Countries World Total Return Net) or commodity indices (such as S&P GSCI Energy & Metals Capped Components 35/20 and Bloomberg Commodity ex-Agriculture and Livestock Capped Index) in exchange of the total return of interest rate payments

For the purpose of achievement of the investment objective, the Sub-Fund may use the following techniques (as a % of net assets):

- total return swaps (unfunded): expected, 0%; max, 35%

Main types of assets in scope are indices.

- forward contracts on foreign exchange
- futures or options on equity, interest rate, foreign currency or commodity index or sub-index listed on any regulated market or traded over-the-counter

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation to manage liquidity and cash.

Main types of assets in scope are bonds and equities.

The Sub-fund does not use securities borrowing.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager uses macroeconomic analysis to develop a long-term strategic allocation of assets, while also making short-term tactical allocations to capture market opportunities. The Investment Manager aims to flexibly maintain a widely diversified portfolio, with moderate volatility. Decisions on equity investments are made using fundamental analysis and/or a proprietary quantitative process.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Global investments
- Investments in specific sectors or asset classes
- ESG
- Defaulted Securities
- Reinvestment
- Emerging markets
- High yield debt securities
- Contingent convertible bonds
- Distressed Securities
- Extension
- Method and model

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**NAV Calculation Frequency** Daily.

**SFDR category** Article 8 product.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Sub-Investment Manager** AXA Investment Managers UK Limited (London) for high yield and emerging debt, and global high dividend equities.

**Other** The Sub-Fund seeks to deliver an annual dividend between 2% and 6%, subject to market conditions. There is no guarantee that the investment objective of the Sub-Fund will be achieved and, in

particular, that any income will be generated for distribution or capitalisation in any given year.

**Inception** 28 October 2013.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.25%	0.50%	—
E	—	1.25%	0.50%	0.50%
F	2.00%	0.60%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
U	5.50%	0.625%	0.50%	0.625%
ZF	2.00%	0.60%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company. All non-EUR Share Classes will be partially hedged against the currency exchange risk related to the Reference Currency for the fixed income exposure of the Sub-Fund.



# Europe Real Estate

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in EUR, from an actively managed listed equity, equity-related securities and derivatives on such securities portfolio.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the Regulated European real estate markets, by mainly investing in equities of companies that are part of the FTSE EPRA/NAREIT Developed Europe Capped 10% Total Return benchmark index (the “Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in equities of companies that are in the real estate sector.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in transferable securities of companies that are in the real estate sector, and are domiciled or do most of their business in Europe. The Sub-Fund invests mainly in securities that are negotiated on European regulated markets. On an ancillary basis, the Sub-Fund may invest on markets outside Europe. The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 5% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management and hedging.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in “More about Derivatives”.

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in “More about Efficient Portfolio Management”.

**Management Process** The Investment Manager combines a “bottom-up” research process for selecting securities and, to a lesser extent, a “top-down” approach for geographical asset allocation. The Investment Manager uses a strategy that combines macro-economic, industry analysis and company selection. The securities selection process relies on a rigorous analysis of the companies’ business model, growth prospects, underlying assets and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Investments in specific sectors or asset classes
- Investments in real estate securities and REITs
- ESG
- Investments in specific countries or geographical zones
- Investments in small and/or micro-capitalisation universe

**Sustainability Risks** Given the Sub-Fund’s Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund’s returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the London stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Real Estate Investment Managers SGP.

**Inception** 16 August 2005.

Europe Real Estate – Continued

Class	Entry Charge	Maximum recurrent charges taken from the Sub-Fund over a year		
		Management Fee	Applied Service Fee	Distribution Fee
A	5.50%*	1.50%	0.50%	—
E	—	1.50%	0.50%	0.75%
F	2.00%	0.75%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company. I Capitalisation EUR Hedged Share Class will be hedged at least at 95 % against the currencies making up the reference indicator of the Sub-Fund i.e. FTSE Epra/Nareit Europe Capped (at 10%). Beside such hedging strategy, the Investment Manager may expose the portfolio to active currency trades which can differ significantly from the currency exposure of the reference indicator.

\* 5.25% maximum for Class A distribution quarterly USD hedged (95%) and Class A distribution quarterly HKD hedged (95%)

# Global Real Estate

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in EUR, from an actively managed listed equity, equity-related securities and derivatives portfolio.

**Investment Strategy** The Sub-Fund is actively managed in order to capture opportunities in the international real estate market, by mainly investing in equities of companies that are part of the FTSE EPRA/NAREIT Developed Total Return Net benchmark index (the "Benchmark") universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries or companies compared to the Benchmark's composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests in equities of real estate companies anywhere in the world.

Specifically, at all times the Sub-Fund invests at least two thirds of net assets in transferable securities issued by companies engaged in the real estate sector.

The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund may also invest up to one third of its net assets in money market instruments, money market funds and bank deposits.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the use of derivatives for investment purposes is limited to 50% of the net assets of the Sub-Fund.

Derivatives used for investment purposes may include futures, forwards, options and Credit Default Swaps (single name CDS and CDS index).

Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated.

The Sub-Fund may expose itself via derivatives to equities, equity-related securities, bonds and other fixed income instruments, indexes and currencies. The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager combines a "bottom-up" research process for selecting securities and, to a lesser extent, a "top-down" approach for geographical and thematic asset allocation. The securities selection process relies on a rigorous analysis of sector, companies' business model, management quality, growth prospects, underlying assets and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Emerging markets
- Investments in specific sectors or asset classes
- ESG
- Global investments
- Investments in real estate securities and REITs
- Investments in small and/or micro-capitalisation universe

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Real Estate Investment Managers  
SGP.

**Inception** 29 August 2006

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	5.50%	2.00%	0.50%	—	
E	—	2.00%	0.50%	0.50%	
F	2.00%	1.00%	0.50%	—	
I	—	0.80%	0.50%	—	
M	—	—	0.50%	—	
ZF	2.00%	1.00%	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company. M Capitalisation EUR Hedged Share Class will be hedged at least at 95 % against the currencies making up the reference indicator of the Sub-Fund i.e. FTSE EPRA NAREIT Developed Total Return Net. Beside such hedging strategy, the Investment Manager may expose the portfolio to active currency trades which can differ significantly from the currency exposure of the reference indicator

# Global Flexible Property

## Investment Objective and Strategy

**Objective** To seek long-term growth of your investment, in USD, from an actively managed listed equity and debt securities portfolio in the global real estate market universe.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark. The Sub-Fund invests mainly in equities and bonds issued by REITs anywhere in the world.

Specifically, the Sub-Fund invests in equities, preferred shares, convertible bonds and bonds. The Sub-Fund may also invest in warrants and asset-backed securities.

The Sub-Fund invests mainly in Investment Grade transferable debt securities that are issued by governments, public or private companies and supranational entities anywhere in the world.

The total assets of the Sub-Fund may be invested in or exposed to callable bonds.

The Sub-Fund may also invest in such transferable debt securities rated Sub-Investment Grade. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest in equities from other sectors on an ancillary basis, and in money market instruments.

The Sub-Fund may invest up to 10% of its net assets in assets backed securities (ABS).

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

Exposure of the Sub-Fund's assets in non-USD currency may be partially hedged against USD.

The Sub-Fund promotes environmental and/or social characteristics.

**More information about the promotion of environmental and/or social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

### Derivatives and Efficient Portfolio Management Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

For investment purposes, derivatives may include futures, forwards, options and Credit Default Swaps (index CDS or single name CDS). Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated. The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** The Investment Manager combines a "bottom-up" research process for selecting securities and, to a lesser extent, a "top-down" approach for geographical and thematic asset allocation. Investment decisions are based on a combination of macroeconomic, sector and company specific analysis. Tactical allocation between equities and bonds is driven by economic analysis and portfolio construction considerations. The securities selection process relies on a rigorous analysis of the companies' business model, governance and risk/return profile.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage
- Emerging markets
- Investments in small and/or micro capitalisation universe
- ESG
- Reinvestment
- Global investments
- Investments in specific sectors or asset classes
- Investments in real estate securities and REITs
- Extension

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be medium.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Real Estate Investment Managers SGP.

Inception 18 December 2014.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
Class	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee
A	5.50%	1.40%	0.50%	—
AX	5.50%	2.00%	0.50%	—
E	—	1.40%	0.50%	0.75%
F	2.00%	0.70%	0.50%	—
I	—	0.60%	0.50%	—
M	—	—	0.50%	—
U	5.50%	0.70%	0.50%	0.70%
ZF	2.00%	0.70%	0.50%	—

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.



# Selectiv' Infrastructure

## Investment Objective and Strategy

**Objective** To achieve a mix of income and long-term capital growth measured in EUR through exposure to listed equities and debt securities issued in the global infrastructure market universe, and to apply an ESG approach.

**Investment Strategy** The Sub-Fund is actively managed without reference to any benchmark.

The Sub-Fund invests mainly in listed equity (including REITs), equity-related and transferable debt securities issued by worldwide companies that are part of the infrastructure universe, including MLPs equity-related securities (up to 10% of the net assets) and MLPs-debt related securities. The infrastructure universe includes companies specialized in the development, the management and the operation of infrastructures to provide essential public services that facilitate economic growth such as Energy, Transportation, Telecommunications, Social infrastructure and Utilities.

MLPs-related securities are transferable securities publicly traded and listed on US regulated stock exchanges, issued by entities treated as partnerships for US federal income tax purposes. The asset of a MLP is the ownership of a limited partnership known as the operating entity which in turn owns subsidiaries and operating assets.

The instruments in which the Sub-Fund invests may include equities, bonds (including callable bonds), preferred shares and on an ancillary basis, convertible bonds. The tactical allocation between equities and bonds (50/50) with a leeway of +/-10% may be done with an additional reduction of equity market exposure by 10%.

The Sub-Fund invests in transferable debt securities mainly rated Investment Grade issued by all types of issuers, including warrants and up to 10% of the net assets in asset-backed securities. The Sub-Fund may also invest in Sub-Investment Grade transferable debt securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the Investment Manager. In case of a credit downgrade below the minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the Investment Manager.

The Sub-Fund may invest up to one third of its net assets in money markets instruments.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

Exposure of the Sub-Fund's assets denominated in non-EUR currency may be hedged against EUR.

The Sub-Fund promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

**More information about the promotion of environmental and social characteristics is available in the relative SFDR Annex of the Sub-Fund.**

**Derivatives and Efficient Portfolio Management Techniques** The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment purposes. The main purpose for using derivatives is hedging, notably to cover interest rate risk, currency risk or equity market risk. The Sub-Fund may also use derivatives for investment purposes to gain exposure to the equity market.

For investment purposes, derivatives may include futures, forwards, options and Credit Default Swaps (index CDS or single name CDS). Such derivatives with underlying indices will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indices are highly concentrated. The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives".

For the purpose of efficient portfolio management, the Sub-Fund uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-10%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

All efficient portfolio management techniques will be consistent with the terms in "More about Efficient Portfolio Management".

**Management Process** <sup>50</sup> The Investment Manager selects investments by applying a 2-step approach: 1/ the application of exclusion filters, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies; followed by a second 'Best-in-Universe' filter, designed to eliminate the worst issuers from the investment universe on the basis of their extra financial scoring calculated on the basis of the AXA IM ESG scoring methodology and 2/ using a combination of macroeconomic, sector and company specific analysis while seeking to significantly improve the Sub-Fund's ESG profile compared to its investable universe. Tactical allocation will be driven by economic analysis and portfolio construction considerations. The issuer selection process relies mainly on a rigorous analysis of the company's business model, its governance and its overall risk return profile.

This strategy combines a "bottom-up" research process which aims at selecting securities and to a lesser extent a "top-down" approach in view of geographical and sector asset allocation.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Investments in specific sectors or asset classes
- Emerging markets
- Derivatives and leverage
- Global investments

<sup>50</sup> This Management Process applies as from 27 December 2024. Until 27 December 2024. The Sub-Fund's Management Process is the following: "The Investment Manager selects investments by applying a 2-step approach: 1/ the application of exclusion filters, as described in AXA IM's Sectorial Exclusion and ESG Standards Policies; followed by an ESG 'scoring upgrade' approach and 2/ using a combination of macroeconomic, sector and company specific analysis while seeking to significantly improve the Sub-Fund's ESG profile compared to its investable universe. Tactical allocation will be driven by economic analysis and portfolio construction considerations. The issuer selection process relies mainly on a rigorous analysis of the company's business model, its governance and its overall risk return profile.

This strategy combines a "bottom-up" research process which aims at selecting securities and to a lesser extent a "top-down" approach in view of geographical and sector asset allocation."



- High yield debt securities
- ESG
- Extension
- Investments in real estate securities and REITs
- Investments in MLPs
- Reinvestment

**Sustainability Risks** Given the Sub-Fund's Investment Strategy and risk profile, the likely impact of the Sustainability Risks on the Sub-Fund's returns is expected, according to the Management Company, to be low.

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**Designed for** Investors who plan to invest for at least 5 years.

**SFDR category** Article 8 product.

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and on which the New York stock exchange is opened.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Real Estate Investment Managers SGP.

**Inception** 4 December 2017.

Class	Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year		
	Entry Charge	Management Fee	Applied Service Fee	Distribution Fee	
A	5.50%	1.40%	0.50%	—	
AX	5.50%	1.40%	0.50%	—	
E	—	1.40%	0.50%	0.75%	
F	2.00%	0.70%	0.50%	—	
ZF	2.00%	0.70%	0.50%	—	
G	—	0.60%	0.50%	—	
I	—	0.60%	0.50%	—	
M	—	—	0.50%	—	

See "Notes on Sub-Fund's Costs" following the last Sub-Fund description. This table describes the types of Share Classes in existence as at the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the Management Company.

# Notes on Sub-Fund's Costs

**General** The charges below reduce the performance of the Shareholder's investment.

**One-off charges taken before or after investors invest** The most investors will pay for entry, switching and exit charges are shown in the one-off charges in the "Sub-Fund Descriptions". Investors could be eligible to pay less than the maximum amounts shown; they should consult their financial advisor or distributor. These charges may be payable to financial advisors or distributors.

There is no charge for redemptions. While there is no switching charge in itself, investors could be charged up to 1% of the NAV of the switched Shares for additional switch in excess of 4 switches during a 12-month period. Also, if investors switch into a Sub-Fund with a higher entry charge within the first 12-month period following initial investment in the Sub-Fund, they might be charged any percentage rate difference between the entry charge they initially paid and the applicable entry charge on the Sub-Fund they are switching into.

**Recurrent charges taken from the Sub-Fund over a year** These charges are shown in the "Sub-Fund Descriptions". They reflect the management fees, the distribution fee and the applied service fee. The management company is responsible for the payment of the fees to the investments managers and/or service providers to the Sub-Fund.

## Indirect fees

In addition to above fees, some Sub-Funds may also be subject to indirect fees (see "Additional Features" in "Sub-Fund Descriptions"). In such case, the SICAV will pay fees of the target UCITS and/or UCIs. No subscription or redemption fee may be charged on account of a Sub-Fund's investment in the units of other UCITS and/or UCIs that are managed directly or by delegation by the management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding. In any other case, the Sub-Fund will not invest in underlying UCIs which levy a subscription or a redemption fee higher than 1% and which are submitted to a management fee exceeding 3%.

## Applied service fee

In order to pay its ordinary operating expenses and to seek to protect the investors from fluctuations in these ordinary operating expenses, the SICAV will pay an applied service fee to the management company out of the assets of the relevant Share Class. The level of effective applied service fee might be set-out below the maximum level set-out in the "Sub-Fund Descriptions" with different fixed effective applied service fee rates applicable across Share Classes. The effective level of the applied service fee per Sub-Fund and per Share Class is defined taking into account different criteria such as, but not limited to, the costs charged to the Share Class and the variation of costs linked to a change of the NAV in respect of the relevant Share Class that might be due to market effects and/or dealing in Shares. By way of a resolution, the Board (i) may modify in its sole discretion the level of effective applied service fee and (ii), may amend at any time upon prior notice to relevant Shareholders, the maximum level of the applied service fee applicable to all Share Classes.

The applied service fee is fixed in the sense that the management company will bear the excess in actual ordinary operating expenses to any such applied service fee charged to the Share Classes. Conversely, the management company will be entitled to retain any amount of applied service fee charged to the Share Classes exceeding the actual ordinary operating expenses incurred by the respective Share Classes. The effective applied service fee is accrued at each calculation of the NAV and included in the ongoing charges of each Share Class disclosed in the relevant KIID/KID. In return of the applied service fee received from the SICAV, the management company then provides and/or procures, on behalf of the SICAV, the following services and bears all expenses (including any reasonable out-of-pocket expenses) incurred in the day-to-day operations and administration of the Share Classes, including but not limited to:

- depositary fees, including all custody fees, except transaction related fees;

- auditor's fees;
- directors' fees and expenses, and remuneration of officers and employees of the SICAV: any director of the SICAV will be entitled to a fee in remuneration for his services as a director or in his capacity as a member of any committee of the Board;
- the Luxembourg "*Taxe d'abonnement*";
- Share Class currency hedging cost;
- the registrar agent, the domiciliary and administrative agent, any paying agent, the depository of already issued bearer shares, and of any representatives in jurisdictions where the Shares are qualified for sale, and of all other agents employed on behalf of the SICAV; such remuneration may be based on the net assets of the SICAV or on a transaction basis or may be a fixed sum;
- the cost of preparing, printing and publishing in such languages as are necessary, and distributing offering information or documents concerning the SICAV, annual and semi-annual reports and such other reports or documents, as may be allowed or required under the applicable laws or regulations of the jurisdictions or the authorities where the Shares are qualified for sale;
- registrar's fees;
- the cost of printing certificates and proxies;
- the cost of preparing and filing the Articles of Incorporation and all other documents concerning the SICAV, including registration statements and offering circulars with all authorities (including local securities dealers' associations) having jurisdiction over the SICAV or the offering of Shares;
- the cost of qualifying the SICAV or the sale of Shares in any jurisdiction or of a listing on any exchange;
- the cost of accounting and bookkeeping;
- legal fees;
- the cost of preparing, printing, publishing and distributing public notices and other communications to the Shareholders;
- the cost of calculating the NAV of each Share Class;
- insurance, postage, telephone and telex and any communication mean;
- distribution and sales support costs (including costs charged by local routing order platforms, local transfer agent costs, local representative agent and the translation costs); and
- all similar charges and expenses.

In the cases where any of the ordinary operating expenses listed above might be directly paid out of the assets of the SICAV the applied service fee amount due by the SICAV to the management company will be reduced accordingly.

The applied service fee does not cover any cost or expense incurred by a Share Class or Sub-Fund in respect of:

- all taxes which may be due on the assets and the income of the SICAV (to the exception of the Luxembourg "*Taxe d'abonnement*" listed above);
- the cost of investment dealing (including usual banking and brokerage fees due on transactions involving portfolio securities of each Sub-Fund, the latter to be included in the acquisition price and to be deducted from the selling price);
- fees linked to reduction of duration exposure of RedEx Share Classes paid to the investment manager;
- Correspondent and other banking charges;
- Securities lending fees except custody fees - the agent carrying out securities lending and repurchase agreement activities for its services. The details of the remuneration will figure out in the annual report of the SICAV relative to the relevant Sub-Fund;
- extraordinary expenses including but not limited to expenses that would not be considered as ordinary expenses: litigation expenses, exceptional measures, particularly legal, business or tax expert appraisals or legal proceedings undertaken to protect shareholders' interests, any expense linked to non-routine arrangements made by the domiciliary agent, the registrar and transfer agent and the listing

agent in the interests of the investors and all similar charges and expenses.

All expenses that are paid from Shareholders' assets are reflected in NAV calculations, and the actual amounts paid are documented in the SICAV's annual reports.

Each Sub-Fund pays all costs it incurs directly and also pays, based on the NAV of the SICAV, a *pro rata* portion of costs not attributable to a specific Sub-Fund. For each Share Class whose currency is different from the Reference Currency of the Sub-Fund (with the exception of BR Share Classes that offer currency exposure to the BRL), all costs associated with maintaining the separate Share Class currency (such as currency hedging and foreign exchange costs) will be charged to that Share Class.

Each Sub-Fund may amortise its own launch expenses over the first five years of its existence. All launch expenses of the SICAV have been fully amortized.

The management fee, applied service fee and distribution fee are calculated based on each Sub-Fund's NAV and are paid monthly in arrears to the management company.

**M Share Class**

Although M Share Class does not carry a management fee, investors in these Shares pay for the costs of management through

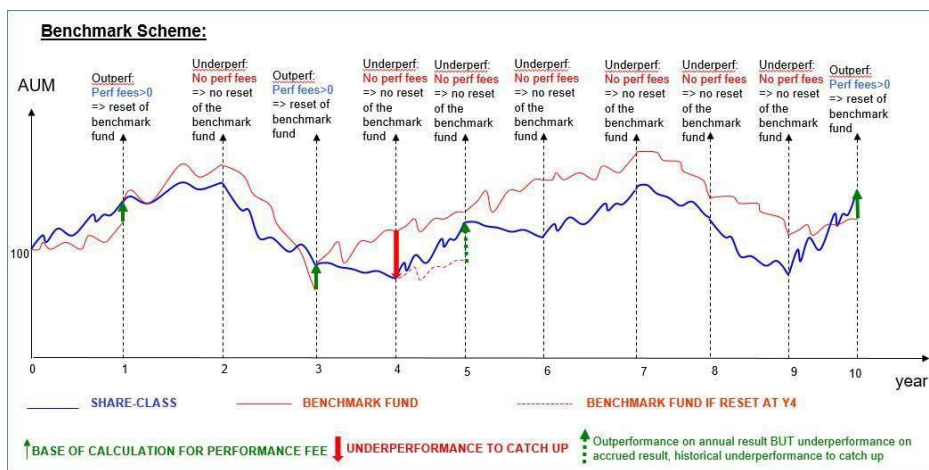
management fee agreements or, when appropriate, indirectly through institutional investment management agreements.

**Performance charges taken from the Sub-Fund**

For each Sub-Fund that is indicated in "Sub-Fund Descriptions" as having a performance fee, that fee is calculated and crystalized on an annual reference period corresponding to each accounting year (1 January – 31 December) except for the first calculation period that starts at the inception date of the Sub-Fund until the end of the SICAV following accounting year, i.e. such calculation period shall not last less than 12 months (the "Calculation Period"). The Sub-Fund's Performance Fee and the benchmark for performance fee for comparison are indicated in "Sub-Fund Descriptions". Performance fees, if any, will be paid after the audit of the annual accounts of the SICAV.

This performance fee may be calculated either as per a benchmark model or an absolute High Water Mark formula. The performance reference period (i.e. the period during which the performance is measured and compared to the benchmark or the high water mark and at the end of which the mechanism for the compensation for past underperformance can be reset) is the lifetime of the relevant Sub-Fund, as more detailed below.

**Benchmark model:**



At the end of each Calculation Period:

○ In case the net asset value of the sub-fund exceeds the Benchmark Fund ( year 0-1, and 9-10), even in case of negative performance during the calculation period (end of year 3):

○ A performance fee shall be paid by the Sub-Fund to the Management Company using the following formula:

$$[\text{percentage of performance fee}] \times \text{Max} (0; [\text{NAV} - \text{Benchmark Fund}])$$

○ The Benchmark Fund level shall be aligned with the outperformance level of the sub-fund (reset of the Benchmark Fund).

○ In case the net asset value of the sub-fund falls below the Benchmark Fund or no catch up of the previous losses (see years 1-2, 3-4 to 8-9):

○ No performance fee shall be paid by the Sub-Fund; and

○ The Benchmark Fund shall not be updated (no reset of the Benchmark Fund).

The performance fee is calculated as per a benchmark model as detailed below for Sub-Funds as follows:

- Europe ex-UK MicroCap,
- Global Convertibles.

Performance calculation: Performance fees are calculated and accrued on any Valuation Day. If the outperformance is positive, a performance fee provision amounting to the performance fee percentage of the outperformance is retained. If the outperformance is positive but lower than that of the previous Valuation Day, this provision is adjusted through write-backs up to the total of existing provisions.

**Examples** – to be read independently from the graph (for a performance fee percentage of 20%):

At the end of the period:

- Benchmark Fund = 110 and NAV at the end of the Calculation Period = 100:
  - Performance fees = 20% x Max (0; 100 – 110) = 0
  - No reset of the Benchmark Fund for the following period
- Benchmark Fund = 100 and NAV at the end of the Calculation Period = 110 (no matter if there is a negative performance since the beginning of the Calculation Period):
  - Performance fees = 20% x Max (0; 110 – 100) = 2
  - Reset of the Benchmark Fund for the following period, new Benchmark Fund = 110

The outperformance is defined as the difference between the Sub-Fund's asset value, net of all fees and costs but before accrued

performance fees on the one hand, to that of a benchmark fund, which performance is equal to the performance of the benchmark for performance fee ("Benchmark Fund"). The following has to be replicated in the Benchmark Fund:

- The same variation of subscription as the Sub-Fund
- In case of redemption or dividend payment, the Benchmark Fund's value is reduced according to the following ratio: amount redeemed or distributed divided by the total NAV of the Sub-Fund's Share Class.

At the end of the Calculation Period, provided that a performance fee provision is retained, performance fees are rightly kept by the management company and the Benchmark Fund value is adjusted to that of the Sub-Fund's NAV for the following period. If no provision remains at the end of the Calculation Period, no performance fees are kept by the management company, and the Benchmark Fund's value is kept unchanged for the following Calculation Period(s) (during the whole life of the Sub-Fund applying a benchmark model, prior losses shall be absorbed before paying a new performance fee, i.e. there is no reset of the Benchmark Fund in case of underperformance).

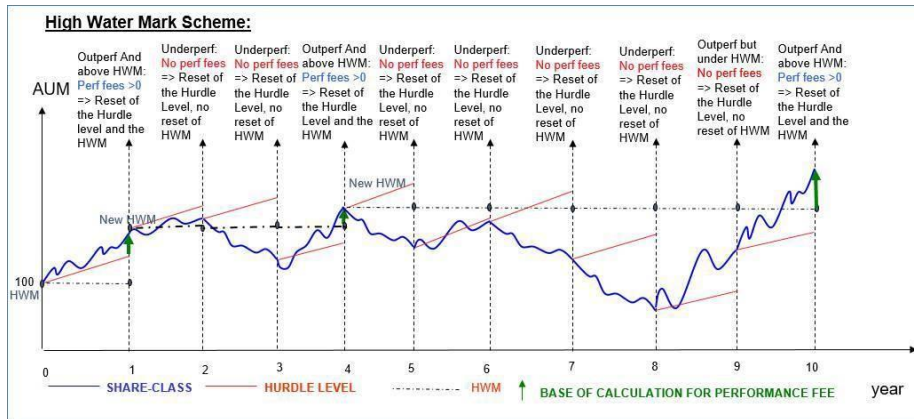
**Attention of investors is drawn to the fact that in the case of a benchmark model, a performance fee may apply even in case of negative performance of the Fund.**

In case of redemption of Shares or dividend payment, a proportion of the performance fee provision is rightly kept by the management company, corresponding to the ratio of amount redeemed or distributed divided by the total NAV of the Sub-Fund's Share Class.



## Absolute High Water Mark

The High Water Mark ("HWM") represents (i) the last NAV at which a performance fee has been paid or (ii) the initial NAV either at the end of year 1 or after if no performance fee has been paid.



At the end of each Calculation Period:

- If the NAV exceeds the Hurdle Level AND the HWM (years 0-1, 3-4 and 9-10), a performance fee shall be paid by the Sub-Fund to the Management Company using the following formula:

$$[\text{percentage of performance fee}] \% \times \text{Max} [0; \text{NAV} - \text{Max} (\text{HWM}; \text{Hurdle Level NAV})]$$

- If the NAV exceeds the Hurdle Level but falls below the HWM (years 5-6 and 8-9), no performance fee shall be paid.

- If the NAV falls below the Hurdle Level but exceeds the HWM (year 1-2), no performance fee shall be paid.

- If the NAV falls below the Hurdle Level and the HWM (years 2-3, 4-5, 6-7 and 7-8), no performance fee shall be paid.

In each case, at the end of the Calculation Period, the Hurdle Level shall be aligned with the outperformance level of the sub-fund (reset of the Hurdle Level).

The performance fee is calculated as per an absolute High Water Mark formula as detailed below for the following Sub-Fund(s) as follows:

- Optimal Income.

Performance calculation: Performance fees are calculated and accrued on any Valuation Day for all the sub-funds using a High Water Mark formula (as listed above). If the outperformance is positive, a performance fee provision amounting to performance fee percentage of the outperformance is retained. If the outperformance is positive but lower than that of the previous Valuation Day, this provision is adjusted through write-backs up to the total of existing provisions.

The outperformance is defined as the difference between the Sub-Fund's asset value, net of all fees and costs but before accrued performance fees, and the highest value between the Hurdle Level and the "High Water Mark Fund". In the case that the Hurdle Level value is inferior to the High Water Mark Fund value, the outperformance calculation will be based on the difference between the Sub-Fund's asset value and the High Water Mark Fund's value. The Hurdle Level's performance is equal to the performance of the benchmark for performance fee. The High Water Mark Fund reflects the highest level reached by the Sub-Fund's NAV at which a performance fee was paid.

**Examples** – to be read independently from the graph (for a performance fee percentage of 20%):

- Hurdle Level = 110, HWM = 105 and NAV at the end of the Calculation Period = 100:
  - Performance fees = 20% x Max (0; 100 – Max (110; 105)) = 0
  - Reset of the Hurdle Level for the following period, Hurdle Level = 100
  - no reset of HWM
- Hurdle Level = 100, HWM = 110 and NAV at the end of the Calculation Period = 105:
  - Performance fees = 20% x Max (0; 105 – Max (100; 110)) = 0
  - Reset of the Hurdle Level for the following period, Hurdle Level = 105
  - no reset of HWM
- Hurdle Level = 100, HWM = 105 and NAV at the end of the Calculation Period = 110:
  - Performance fees = 20% x Max (0; 110 – Max (100; 105)) = 1
  - Reset of the Hurdle Level for the following period, hurdle = 110
  - Reset of the HWM for the following period, HWM = 110

Moreover, the following has to be replicated in the Hurdle Level and in the High Water Mark Fund:

- The same variation of subscription as the Sub-Fund,

- In case of redemption or dividend payment, the Hurdle Level's and High Water Mark Fund's value are reduced according to the following ratio: amount redeemed or distributed divided by the total NAV of the Sub-Fund.

At the end of the Calculation Period, provided that a performance fee provision is retained, performance fees are rightly kept by the management company. The Hurdle Level's and High Water Mark Fund's value are adjusted to the Sub-Fund's NAV for the following period. If no provision remains at the end of the Calculation Period, no performance fee is kept by the management company, the value of the High Water Mark Fund's is kept unchanged and the Hurdle Level's value is adjusted to the Sub-Fund's NAV for the following period. Accordingly, the High Water Mark Fund's value remains equal to the Sub-Fund's NAV as recorded at the date of the last payment of performance fees, or at the initial Sub-Fund's NAV if no performance fee has ever been paid (i.e. during the whole life of a sub-fund using the Absolute High Water Mark scheme, there is no reset of the High Water Mark until the next payment of a performance fee). In case of redemption of Shares or dividend payment, a proportion of the performance fee provision is rightly kept by the management company, corresponding to the ratio of amount redeemed or distributed divided by the total Sub-Fund's NAV. The benchmark for performance fee for comparison is indicated in "Sub-Fund Descriptions".

Under certain circumstances, a global outperformance of the Sub-Fund would imply a performance fee payment to the management company while individual performance of some investors lags that of the benchmark for performance fee.

Where the selected benchmark for performance fee is not available at the calculation point of the NAV, an appropriate substitute, which the Management Company has deemed best represents the performance of such benchmark may be used in calculating the performance of the benchmark.

### Other charges taken from the Sub-Fund

The others costs or expense incurred by a Share Class or Sub-Fund are in respect of:

- all taxes which may be due on the assets and the income of the SICAV (to the exception of the Luxembourg "Taxe d'abonnement" listed above);
- the cost of investment dealing (including usual banking and brokerage fees due on transactions involving portfolio securities of each Sub-Fund, the latter to be included in the acquisition price and to be deducted from the selling price);

- fees linked to reduction of duration exposure of Redex Share Classes paid to the investment manager;
- correspondent and other banking charges;
- securities lending fees (except custody fees) for the services of the agent carrying out securities lending and repurchase agreement activities. The details of the remuneration will figure out in the annual report of the SICAV relative to the relevant Sub-Fund;
- extraordinary expenses including but not limited to expenses that would not be considered as ordinary expenses: litigation expenses, exceptional measures, particularly legal, business or tax expert appraisals or legal proceedings undertaken to protect Shareholders' interests, any expense linked to non-routine arrangements made by the domiciliary agent, the registrar and transfer agent and the listing agent in the interests of the investors and all similar charges and expenses.

A portion of commissions paid to selected brokers for certain portfolio transactions may be repaid to the Sub-Funds which generated the commissions with these brokers and may be used to offset expenses.

### Costs relating to the use of financial indices

The costs relating to the use of financial indices (if any), including the fees accounted at index level, are borne by the relevant Investment Manager(s).

### Specific cost information

Austria and Germany: Regular savings plans are available for the benefit of residents of Austria and Germany. At a future date, the regular savings plan may be extended to certain other countries in which the SICAV is authorised, the details of which may be obtained at any time at the registered office of the SICAV upon request. Shareholders who have subscribed for regular savings plan may be charged additional costs for the processing and maintenance of the plan with the registrar agent. However, in the first year, only one third of the costs of processing and maintenance will be charged to Shareholders subscribing for Shares or additional Shares in the context of the regular saving plan.

## TAXES

**Taxes Paid from Sub-Fund's Assets** The SICAV is subject to a "Taxe d'abonnement" at the following rates:

- "Liquidity" Sub-Funds (the portfolio of which is composed of any debt securities and instruments, irrespective of whether they are transferable securities or not, including bonds, certificates of deposits, deposit receipts and all other similar instruments, provided that, at the time of their acquisition by the relevant Sub-Fund, their initial or residual maturity does not exceed twelve months, taking into account the financial instruments connected therewith, or the terms and conditions governing those securities provided that the interest rate applicable thereto is adjusted at least annually on the basis of market conditions) and institutional Sub-Funds or Share Classes as per Luxembourg Tax regulation: 0.01%
- All other Sub-Funds or Share Classes: 0.05%

This tax is calculated and payable quarterly, on the aggregate NAV of the outstanding Shares of the Sub-Fund or Share Class at the end of each quarter. The SICAV is not currently subject to any Luxembourg taxes on income, withholding or capital gains. However, the SICAV may be subject to non-recoverable withholding taxes on dividend and interest the SICAV receives from their countries of origin and it may be subject to other taxation levied by foreign tax authorities where the SICAV or the Sub-Funds are registered or distributed.

Any amendments to the Articles of Incorporation are as a rule subject to a fixed registration duty of €75.

**Taxes Paid Directly by Shareholders** Investors who are not Luxembourg taxpayers are not currently subject to any Luxembourg capital gains, income, withholding, gift, estate, inheritance or other taxes. Investors whom Luxembourg considers to be residents or otherwise to have permanent establishment there, either currently or in the past, may be subject to Luxembourg taxes.

Investors who live outside of Luxembourg should be aware that under EU regulation, any money received from the SICAV (including proceeds from redeeming Sub-Fund Shares) must either be reported to their home country or be subject to withholding tax.

A list of Share Classes having obtained the UK reporting fund status can be obtained on the website of HM Revenue & Customs ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)). Relevant data pertaining to those Share Classes with UK reporting fund status can be found in the annual or semi-annual reports of the SICAV.

**Foreign Account Tax Compliance Act** The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 ("HIRE Act") which apply to certain payments are essentially designed to require reporting of US tax person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service ("IRS"), with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard, the Luxembourg and US Governments signed an intergovernmental agreement with respect to the implementation of FATCA designed to facilitate compliance with FATCA by Foreign Financial Institutions ("FFI") in Luxembourg.

The basic terms of FATCA provisions currently appear to include the SICAV as a FFI, such that in order to comply, the SICAV may require all shareholders to provide mandatory documentary evidence of their US and/or non-US status and may thus be required to, inter alia, disclose the name, address and taxpayer identification number of certain US tax persons that own, directly or indirectly, an interest in the SICAV, as well as certain other information relating to such interest, including amounts paid by the SICAV, to the United States IRS.

While the SICAV will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, no assurance can be given that the SICAV will be able to satisfy all obligations imposed by FATCA. If the SICAV is not able to comply with the requirements imposed by FATCA and the SICAV may become subject to a withholding tax on its US investments (if any) as a result of FATCA, the value of Shares held by all Shareholders may be materially affected and Shareholders may suffer significant loss as a result.

A Shareholder that fails to provide the documentation evidencing its US and/or non-US tax status as requested by the SICAV may lead to a payment of taxes (including US withholding tax) by the SICAV attributable to such Shareholder's non-compliance under the HIRE Act and such tax liability may be re-charged to such non-compliant Shareholder. Provided that the SICAV is acting in good faith and on reasonable grounds, the SICAV may compulsorily redeem the shares owned by such Shareholders pursuant to the Articles of Incorporation of the SICAV. In addition, the SICAV will have the right to withhold, set-off or deduct any reasonable amounts (including any tax obligations) from the redemption proceeds as permitted by applicable laws and regulations.

Each Shareholder and prospective investor should consult its own tax advisers regarding the requirements under FATCA and the possible implication of FATCA on their investment in the SICAV. In particular, Shareholders who hold their shares through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer US withholding tax on their investment returns.

**Common Reporting Standard** Capitalised terms used in this section should have the meaning as set forth in the Luxembourg law dated 18 December 2015 (the "CRS Law"), unless provided otherwise herein.

On 9 December 2014, the Council of the EU adopted the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between EU member states ("DAC Directive"). The adoption of the aforementioned directive implements the OECD's CRS and generalizes the automatic exchange of information within the EU as of 1 January 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. The CRS Law implements the DAC Directive introducing the CRS in Luxembourg law.

Under the terms of the CRS Law, the SICAV may be required to annually report to the Luxembourg tax authorities the name, address, member state(s) of residence, TIN(s), as well as the date and place of birth of i) each Reportable Person that is an Account Holder within the meaning of CRS Law, ii) and, in the case of a Passive NFE within the meaning of the CRS Law, of each Controlling Person(s) that is a Reportable Person. Such information may be disclosed by the Luxembourg tax authorities to foreign tax authorities.

The SICAV's ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the SICAV with the information, including information regarding direct or indirect owners of each Shareholder, along with the required supporting documentary evidence. Upon request of the SICAV, each Shareholder shall agree to provide the SICAV such information.

Although the SICAV will attempt to satisfy any obligation imposed on it to avoid any fines or penalties imposed by the CRS Law, no assurance can be given that the SICAV will be able to satisfy these obligations. If the SICAV becomes subject to a fine or penalty as result

of the CRS Law, the value of the Shares held by the Shareholders may suffer material losses.

Any Shareholder that fails to comply with the SICAV's documentation requests may be charged with any fines and penalties imposed on the SICAV attributable to such Shareholder's failure to provide the information and the SICAV may, in its sole discretion, redeem the Shares of such Shareholder.

Shareholders should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

## **POOLING OF ASSETS**

In pursuing management efficiency, the SICAV may choose to pool some or all assets of a Sub-Fund with assets of other Sub-Funds or of other Luxembourg investment funds to lower SICAV costs and increase diversification.

The pooling is likely to be beneficial to Shareholders overall, but there is no guarantee that this will be the case over any given period of time.



# Risk Descriptions

Consistent with the 2010 Law and applicable regulations, the SICAV uses a risk-management process that enables it to assess each Sub-Fund's exposure to market, liquidity and counterparty risks, and to all other risks that are material for the Sub-Funds (for example, operational risk). The internal auditor of the SICAV and the management company verify the risk management procedures used by the SICAV and the management control framework.

Any of these risks could cause a Sub-Fund to lose money, to perform less well than similar investments, to experience high volatility (ups and downs in the NAV), or to fail to meet its objective over any given period of time. In general, the greater the potential reward from an investment, the higher the level of risk.

Any of these risks may be present in normal market conditions. Unusual market conditions or large unpredictable events can amplify the risks of ordinary market conditions. In addition, certain risks may change in nature and in relative importance during unusual market conditions.

All Sub-Funds are potentially exposed to the general risks referred to below. For specific risk considerations relating to any Sub-Fund, see "Specific Risk".

## GENERAL RISKS

**Capital Erosion** Dividends of Distribution "gr", Distribution "fl", Distribution "st" and Distribution "ird" Share(s) carry the risk of capital erosion since expenses may be taken from the capital. Where the expenses taken are greater than the income generated by the relevant Share Class, these expenses will be taken from the capital of concerned Share(s). Investors in such Share(s) should be aware that any payment of distributions out of the capital of a Share Class results in a decrease in the NAV per Share and further reduces the capital available for capital growth.

**Cash** Under the UCITS V Directive, cash is to be considered as a third category of assets beside financial instruments and other assets, where the UCITS V Directive related obligations are only those covered by the cash flow monitoring obligations. On the other side, non-short term cash deposits could be considered as an investment and consequently should fall within the category of other assets.

**Central securities depositories** In accordance with the UCITS Directive, entrusting the custody of the SICAV's assets to the operator of a securities settlement system (SSS) is not considered as a delegation by the depository. Therefore the depository is exempted from the strict liability of restitution of assets. A central securities depository (CSD) being a legal person that operates a SSS and provides in addition other core services should not be considered as a delegate of the depository irrespective of the fact that the custody of the SICAV's assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

**Collateral management** Counterparty risk arising from investments in OTC financial derivative instruments and securities lending, repurchase and reverse repurchase agreements is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-Fund may not be collateralised. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the

difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

**Concentration risk** Sub-Funds may focus their investments in certain companies, groups of companies, sectors of the economy, countries or geographical regions, or ratings. This may lead to adverse consequences for such a Sub-Fund when such companies, sectors, countries or ratings become less valued.

**Counterparty risk** Some Sub-Funds are exposed to a counterparty risk associated to counterparties with which, or brokers, dealers and exchanges through which, they deal, whether they engage in exchange-traded or OTC transactions. This is the risk of default (or counterparty's failure to perform any of its obligations) of any counterparties of the Sub-Funds. The counterparty's default (or the counterparty's failure to perform any of its obligations) under these transactions may have a material adverse effect on the NAV of the Sub-Funds. In the case of insolvency or failure of any such party, such a Sub-Fund might recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to all of such party's creditors and/or customers. Such an amount may be less than the amounts owed to the Sub-Fund. The Sub-Fund may suffer significant losses.

**Credit risk** The ability of the issuer of securities to honor its commitments depends on the financial condition of the issuer. An adverse change in the financial condition of the issuer could lower the quality of the securities, leading to greater price volatility of the securities. The Sub-Fund may be subject to the risk that the issuer of securities is not making payment on interest and principal of the securities, causing the value of the investment to go down. If a security issuer defaults, the Sub-Fund may experience both delays in liquidating the securities and losses resulting from a decline in value of the securities during the period when the Sub-Fund seeks to enforce its rights leading to the Sub-Fund potentially suffering substantial losses.

Issuers include but are not limited to corporates, banks, sovereign or special purpose vehicles depending on the security. Securities include but are not limited to obligations, notes, Asset Backed Securities, Collateralized Debt Obligations, etc.

**Cross-class liabilities for all Share Classes (Standard and Redex) risk** Although there is an accounting attribution of assets and liabilities to the relevant Share Class, there is no legal segregation with respect to Share Classes of the same Sub-Fund. Therefore, if the liabilities of a Share Class exceed its assets, creditors of said Share Class of the Sub-Fund may seek to have recourse to the assets attributable to the other Share Classes of the same Sub-Fund.

As there is an accounting attribution of assets and liabilities without any legal segregation amongst Share Classes, a transaction relating to a Share Class could affect the other Share Classes of the same Sub-Fund.

**Derivative transactions risk** Each Sub-Fund may engage in derivative transactions as part of its investment strategy for hedging and efficient portfolio management purpose. These strategies currently include the use of listed and OTC derivatives, including but not limited to futures and forward contracts, swaps, options and warrants.

Derivatives are volatile and may be subject to various types of risks such as market, liquidity, credit, counterparty, legal and operations risks.

Furthermore, there may be an imperfect correlation between derivative instruments used as hedging vehicles and the investments or market sectors to be hedged. This might result in an imperfect hedge of these risks and a potential loss of capital.

In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss

exceeding any margin deposited. The global exposure to the said instruments may not exceed 100 % of the NAV of the relevant Sub-Fund in the case of Sub-Funds using the commitment approach in order to control the market risk associated with the use of derivative instruments. Accordingly, the global risk associated with the investments of the Sub-Fund may amount to 200 % of the NAV of the Sub-Fund. As temporary borrowings may be allowed up to a maximum of 10%, the global risk may never exceed 210 % of the NAV of the relevant Sub-Fund. For Sub-Funds using the Value-at-Risk approach, the risk associated with the use of derivative instruments may not exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section of each Sub-Fund in order to control the risk associated with the use of said instruments.

Also, the ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected target.

**Equity risk** Shares' prices on equity markets may fluctuate namely pursuant to investor's expectations or anticipations, causing high potential volatility risk. Volatility on equity markets has historically been much greater than the volatility of fixed income markets. Should the price of Shares fall within the Sub-Fund's portfolio, the NAV of the Sub-Fund will also fall.

**Foreign exchange and currency risk** *At portfolio level:* Many Sub-Funds invest in foreign securities, i.e. securities denominated in currencies different from the Reference Currency in which Sub-Funds are denominated.

Movements of foreign exchange rates affect the value of securities held by such a Sub-Fund, as expressed in the Sub-Fund's Reference Currency, and bring additional volatility. If the currency in which a security is denominated appreciates in relation to the Reference Currency of the Sub-Fund, the exchange value of the security in the Reference Currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security and may adversely affect the NAV of the Sub-Fund.

In the circumstances when the investment manager intends to hedge the currency exchange risk of a transaction, there is no guarantee that such hedging strategy will be effective and that such hedging be a perfect hedge. In an adverse situation, the Sub-Fund may suffer significant losses.

The successful execution of a hedging strategy which mitigates exactly this risk cannot be assured. The implementation of the hedging strategy described above may generate additional costs for the Sub-Fund.

*At share class level:* Many Sub-Funds have either Share Classes denominated in currencies different from the Sub-Fund's Reference Currency or Share Classes denominated in Sub-Fund's Reference Currency but offering currency hedging through exposure to the base currency of the Shareholders (i.e. BRL in the case of the BR share class). When the concerned Share Class is not hedged, its value follows fluctuations of the exchange rate between the Share Class currency and the Sub-Fund's Reference Currency. Therefore, this can generate additional volatility at Share Class level. For currency hedged Share Classes, there is no guarantee that the hedging strategy will be effective and will be a perfect hedge.

**Contagion risk:** Currency hedged Share Classes may incur losses due to their specific hedging strategy, which will primarily be borne by their Shareholders but may, in specific adverse scenario and despite mitigation procedures in place, impact the other Shareholders in the Sub-Fund.

The Share Class aims at hedging the foreign exchange risk resulting from the divergence between the Reference Currency of the Sub-Fund and the currency of this Share Class or the divergence between the currency of the Share Class and the base currency of the Shareholders (i.e. BRL in the case of the BR share class) by using derivative instruments, which may generate additional costs. The successful execution of a hedging strategy which mitigates exactly the risk cannot be assured.

Where the SICAV seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the SICAV. However, over-hedged positions will not exceed 105%, and under-hedged position will not fall short of 95% of the NAV of the Share

Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed and under-hedged positions do not fall short the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% of NAV of the Share Class will not be carried forward from month to month.

**Inflation Risk** Inflation risk is the potential for the value of assets or income from investments to decrease as a result of eroding purchasing power of money over time (i.e. positive inflation rate). Inflation can lead to higher interest rates, which can negatively impact fixed-income securities prices. Additionally, inflation may increase the cost of commodities and labour, which may impact negatively earnings of companies and therefore corporate asset prices. Unless specifically stated, the Sub-Funds' objective is not to protect the investors from the potential effect of inflation over time. Thus, inflation may have a negative impact on the Sub-Funds' return especially if accounted in real terms (i.e. adjusted from the rate of inflation).

**Interest rate risk** The market value of financial instruments and, therefore, the NAV of the concerned Sub-Funds may change in response to fluctuations in interest rates.

Interest rate risk involves the risk that, when interest rates increase, the market value of fixed income securities tends to decline. Conversely, when interest rates decline, the market value of fixed income securities tends to increase. As a result, the NAV of the Sub-Funds may be adversely affected. Long-term fixed income securities will normally have more price volatility caused by this risk than short-term securities.

**Liquidity risk** Some markets, on which Sub-Funds may invest, may prove at a time to be insufficiently liquid. This affects the market price of such a Sub-Fund's securities and therefore its NAV.

Furthermore, there is a risk that, because of a lack of liquidity and efficiency in certain markets due to unusual market conditions or unusual high volumes of repurchase requests or other reason, Sub-Funds may experience some difficulties in purchasing or selling holdings of securities and, therefore, meeting subscriptions and redemptions in the time scale indicated in the Prospectus.

In such circumstances, the management company may, in accordance with the Articles of Incorporation and in the investors' interest, suspend subscriptions and redemptions or extend the settlement timeframe.

**Loss of capital risk** Except where the Prospectus explicitly references the existence of a capital guarantee at a given date, and subject to the terms thereof, no guarantee is made or supplied to investors with respect to the restitution of their initial or subsequent investments in a Sub-Fund.

Loss of capital may be due to direct exposure, counterparty exposure or indirect exposure (e.g. exposure to underlying assets through the use of derivative instruments, securities lending and borrowing or repurchase agreement).

**Management risk** For any given Sub-Fund, there is a risk that investment techniques and/or strategies are unsuccessful and may incur losses for the Sub-Fund. Shareholders will have no right or power to participate in the day-to-day management or control of the business of the Sub-Funds, nor an opportunity to evaluate the specific investments made by the Sub-Funds or the terms of any of such investments.

Past performance is not a reliable indicator as to future performance. The nature of and risks associated with the Sub-Fund's future performance may differ materially from those investments and strategies historically undertaken by the investment manager. There can be no assurance that the investment manager will realise returns comparable to those achieved in the past or generally available on the market.

**Market risk** Some markets in which Sub-Fund may invest may prove at times to be highly volatile or insufficiently liquid. This may affect significantly the market price of such a Sub-Fund's securities and, therefore its NAV.

**Political, regulatory, economic and convertibility risk** Some geographical areas in which the Sub-Funds may invest (including but not limited to Asia, the Eurozone and the US) may be affected by economic or political events or measures, changes in government policies, laws or tax regulations, currency convertibility, or by currency redenomination, restrictions on foreign investments, and more

generally by economic and financial difficulties. In such contexts, volatility, liquidity, credit, and currency risks may increase and adversely impact the NAV of the Sub-Fund.

**Rating downgrade risk** Downgrades of a rating of securities issue or issuer may lead to a drop in the value of securities in which the Sub-Fund has invested and subsequently experiencing a drop in the NAV of the Sub-Funds. Such securities may have less liquidity, making it more difficult to sell and their values may be more volatile.

**Securities financing transactions (temporary purchase and sale of securities, total return swaps) risk and financial guarantees (collateral) risk** Securities financing transactions (SFT) and related collateral may create risks for the Sub-Fund such as (i) counterparty risk (as described above), ii) legal risk, iii) custody risk, iv) liquidity risk (i.e. risk resulting from the difficulty to buy, sell, terminate or value an asset or a transaction due to a lack of buyers, sellers, or counterparties), and, if relevant, v) risks arising from the reuse of such collateral (i.e. mainly the risk that such collateral posted by the Sub-Fund might not be returned due to the failure of the counterparty for example).

**Securities lending and repurchase or reverse repurchase agreement transactions risk** The Sub-Fund may enter into securities lending and repurchase or reverse repurchase agreement transactions, and may be subject to counterparty risk. The loaned securities may not be returned or returned in a timely manner and/or at a loss of rights in the collateral if the borrower or the lending agent defaults or fails financially. The Sub-Fund may suffer significant losses.

### Sustainability Risks

The SICAV uses an approach to Sustainability Risks that is derived from the deep integration of ESG (environment, social and governance) criteria in its research and investment processes. For all the Sub-Funds within the SICAV and according to the investment strategy of each Sub-Fund, it has implemented a framework to integrate Sustainability Risks in investment decisions based on sustainability factors which relies notably on:

- Sectorial or/and normative exclusions
- ESG scoring methodologies

**Sectorial and normative exclusions** In order to manage ESG and sustainability tail-risks, the SICAV has implemented a series of exclusion-based policies. These policies are aimed at managing ESG and sustainability tail-risks, with a focus on:

- E: Climate (coal and tar sands), Biodiversity (ecosystem protection and deforestation),
- S: Health (Tobacco) and Human Rights (Controversial and White Phosphorus Weapons, violations of international norms and standards, countries with severe human rights violations)
- G: corruption (violations of international norms and standards, severe controversies and violation of United Nation Global Compact principles).

All Sub-Funds have implemented the following sectorial exclusion policies: Controversial Weapons, Soft Commodities, Ecosystem Protection and Deforestation, Climate Risks and Tobacco.

Sub-Funds which have ESG characteristics or which have sustainable investment as their objective have implemented additional ESG exclusions (White Phosphorus Weapons, violations of international norms and standards, breach of United Nation Global Compact principles, severe controversies, countries with severe human rights violations, low ESG quality).

All these exclusion policies aim to systematically address the most severe Sustainability Risks into the investment decision-making process. They may evolve over time. Detail of the restrictions and related criteria is available at : [Exclusion policies - AXA IM Global \(axa-im.com\)](#)

**ESG scoring** AXA IM has implemented scoring methodologies to rate issuers on ESG criteria (corporates, sovereigns, green, social and sustainability bonds).

These methodologies are based on quantitative data from several data providers and have been obtained from non-financial information published by issuers and sovereigns as well as internal and external

research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability. AXA IM rates issuers on ESG criteria (corporates and sovereigns) based on quantitative data and/or qualitative assessment from internal and external research including data on carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability. These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and Social factors and further incorporate ESG risks and opportunities in the investment decision.

The corporate scoring methodology relies on a three-pillar and several sub-factors that covers the main issues encountered by businesses in the E, S and G fields. The frame of reference draws on fundamental principles, such as the United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies' activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behavior. The final ESG score also incorporates the concept of industry-dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues.

In the corporate methodology, the severity of controversies are assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors, and enable to further incorporate ESG risks in the investment decision.

One of the main limitations of this approach is related to the limited availability of data relevant to assess Sustainability Risks: such data is not yet systematically disclosed by issuers, and when disclosed may follow various methodologies. The investor should be aware that most of the ESG factors information is based on historical data and that they may not reflect the future ESG performance or risks of the investments.

For more details on the approach of integration of Sustainability Risks in investment decisions and the assessment of the likely impact of Sustainability Risks on each Sub-Fund's returns, please refer to the SFDR section of [Important Information | Terms of Use | AXA IM Corporate \(axa-im.com\)](#).

### SPECIFIC RISKS

For specific risk considerations applicable to any Sub-Fund, please refer to the "Sub-Fund Descriptions" section.

**144A securities risk** Some Sub-Funds may invest in restricted securities, in particular in 144A securities. 144A securities benefit from an exemption from the registration obligation laid down by the 1933 "Securities Act" of the United States of America. These securities are restricted for resale to Qualified Institutional Buyers (QIBs), as defined by the 1933 "Securities Act" of the United States of America; therefore, administrative expenses are reduced due to this exemption. The 144A securities are traded between a limited number of QIBs, which may cause a higher price volatility and a lower asset liquidity of certain 144A securities.

**Absolute return strategies risk** Absolute return strategies consist of several possible sub-strategies such as, but not restricted to, (i) attempts to take advantage of realised (or anticipated) market inefficiencies or discrepancies between markets and/or sectors and/or currencies and/or other financial instruments or (ii) taking directional positions on markets and/or sectors and/or currencies and/or other financial instruments. The volatility of the markets and/or sectors and/or currencies and/or other financial instruments that are used in



pursuing those strategies allows for the possibility that the implemented strategies do not always perform as interpreted by the investment manager. In this case, the NAV of the Sub-Fund may decrease. Additionally, those strategies may use leverage, hence magnifying gains and losses, and/or gains and losses from derivatives. Moreover, these strategies may imply use of instruments, having a more limited liquidity or investments within less liquid markets such as Emerging Markets countries. As such, the Sub-Fund may be exposed to a liquidity risk by investing in these types of absolute return strategies.

**Bond Connect risk** A Sub-Fund may purchase fixed income securities which trade on CIBM through Bond Connect ("Bond Connect Securities"). To the extent that a Sub-Fund's investments on the CIBM are made through Bond Connect, such investments may be subject to additional risk factors.

Under the prevailing regulations in the PRC, eligible foreign investors who wish to invest in Bond Connect Securities may do so via an offshore custody agent approved by the Hong Kong Monetary Authority ("Offshore Custody Agent"), who will be responsible for the account opening with the relevant onshore custody agent approved by the PBOC. As the account opening for investment in the CIBM market via Bond Connect has to be carried out via an Offshore Custody Agent, the relevant Sub-Fund is subject to the risks of default or errors on the part of the Offshore Custody Agent.

Trading in Bond Connect Securities may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities/make payment, the Sub-Fund may suffer delays in recovering its losses or may not be able to fully recover its losses.

Investments through Bond Connect are not subject to any quota but the relevant authorities may suspend account opening or trading via Bond Connect, and in the absence of CIBM Direct Access or a QFI regime, the relevant Sub-Fund's ability to invest in CIBM will be limited, and the relevant Sub-Fund may not be able to effectively pursue its investment strategy or it may have an adverse effect on the relevant Sub-Fund's performance. The relevant Sub-Fund may also suffer losses as a result.

A Sub-Fund's Bond Connect Securities will be held in accounts maintained by the Central Money Markets Units ("CMU") as central securities depository in Hong Kong and nominee holder. Because CMU is only a nominee holder and not the beneficial owner of Bond Connect Securities, in the unlikely event that CMU becomes subject to winding up proceedings in Hong Kong, investors should note that Bond Connect Securities will not be regarded as part of the general assets of CMU available for distribution to creditors even under PRC law. However, CMU will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in Bond Connect Securities in the PRC. A failure or delay by the CMU in the performance of its obligations may result in a failure of settlement, or the loss, of Bond Connect Securities and/or monies in connection with them and a Sub-Fund and its investors may suffer losses as a result. Neither the SICAV, the Management Company, nor the Investment Manager and/or the Sub-Investment Manager shall be responsible or liable for any such losses.

A Sub-Fund's title or interests in, and entitlements to Bond Connect Securities (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign bondholding restriction, if any. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise.

Bond Connect Securities may be recalled from the scope of eligible bonds for trading through Bond Connect for various reasons, and in such event such Bond Connect Securities can only be sold but are restricted from being bought. This may affect the investment portfolio or strategies of the Sub-Fund.

Transactions using Bond Connect are not subject to the Hong Kong investor compensation fund or the China Securities Investor Protection Fund.

Investments in Bond Connect Securities are subject to various risks associated with the legal and technical framework of Bond Connect. Due to differences in public holidays between Hong Kong and the PRC or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours in the markets accessible through Bond Connect. Bond Connect will only operate on days when those markets are open for trading and when banks in those markets are open on the corresponding settlement days. As such, it is possible that there are occasions when it is a normal trading day for the PRC CIBM market but it is not possible to carry out any Bond Connect Securities trading in Hong Kong.

**China market risk** Some Sub-Funds may invest in the Chinese domestic market. Investing in the securities markets in the PRC is subject to the risks of investing in Emerging Markets countries with a greater degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors, as described hereunder.

China domestic Securities may be substantially less liquid and more volatile than those of mature markets. This may adversely affect the timing and pricing of the Sub-Fund's acquisition or disposal of securities.

The existence of a liquid trading market for China A Shares may depend on whether there is a supply of, and demand for such China A Shares. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band are imposed by the stock exchanges in China on China A Shares, where trading in any China A share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the investment manager to liquidate positions and can thereby expose the concerned Sub-Fund to losses. Further, when the suspension is subsequently lifted, it may not be possible for the investment manager to liquidate positions at a favorable price. The price at which securities may be purchased and sold by the Sub-Fund and the Net Asset Value of a Sub-Fund may be adversely affected if trading markets for China A Shares are limited or absent.

Many of the PRC economic reforms are subject to adjustment and modification that may not always have a positive effect on foreign investment in the PRC market.

The legal infrastructure in PRC may not provide with the same degree of investors' protection or information to investors, as would generally apply to major securities markets. The recognized accounting, auditing, financial reporting practices and regulatory requirements may be significantly different from those in developed markets. Further, regulations continue to develop and may change quickly which may further delay redemptions or restrict liquidity.

PRC government may also exercise substantial influence over the private economic sector and investments may be affected by political and economic instability. The PRC government is entitled to apply nationalization, expropriation, confiscatory levels of taxation and currency blockage. Such event could adversely affect the interests of the SICAV and there is no assurance that such events will not occur in the future.

Moreover, factors such as PRC government policy, fiscal policy, interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the PRC financial markets and the level and volatility of equity prices could significantly affect the value of the SICAV's underlying investments and thus its share price.

Practices in relation to settlement of securities transactions involve higher risks than those in developed markets, in part because the SICAV needs to use local brokers, depository and counterparties subject to different regulations compared to the other international developed markets. However, the depository is responsible for the proper selection and supervision of its correspondent banks in all relevant markets, in accordance with Luxembourg law and regulations. The SICAV will seek, where possible, to use counterparties whose financial status is such that this risk is reduced.

Moreover, as securities purchase transactions in China markets may require cash to be available in the custody account before trading there may be a time lag before market exposure can be obtained after and the pricing point of a subscription; consequently the Sub-Fund may be under-exposed and subject to performance dilution risk. i.e. If markets rise between the day of the pricing point of the subscription into the fund and the day the fund is able to invest, shareholders may see their performance diluted. Conversely if markets fall between those two dates, shareholders may benefit.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations. The PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters

such as corporate organization and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve uncertainties.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

**Chinese rating agencies risk** Ratings assigned by a rating agency are not absolute standards of credit quality. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. As the credit ratings of the Chinese domestic debt instruments are largely assigned by the credit agencies in the PRC, the methodologies adopted by the local rating agencies might not be consistent with the other international rating agencies. As a result, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

**Call and put options risk** The Sub-Fund may enter into strategies to buy and / or sell call options and / or put options. There are risks associated with the sale and purchase of options, and those risks may differ depending on the option type (call or put) and the type of strategy (purchase or sell).

- The buyer of a call option or a put option assumes the risk of losing his entire investment in the option. The maximum loss is the premium paid for the option.
- When selling (writing) calls or puts, the maximum gain is the premium corresponding to the sale of these options.

In particular, the seller of an uncovered call option (e.g. the writer does not hold the underlying security) assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. In the case of covered call writing, when the Sub-Fund sells a call option owning the underlying stock, the risk is that potential gains in the stock may be offset by losses of the call option.

Generally, investors should be aware that, where the Sub-Fund employs a strategy of writing call options, this could result in underperformance in a rising market where any capital appreciation in the underlying securities of the Sub-Fund could be offset by losses on sold (exercised) call options.

**Collateralized debt obligations securities markets risk** Securities issued by Collateralized Debt Obligations ("CDO Securities") are generally limited recourse obligations of the issuers thereof payable solely from the underlying assets ("CDO Assets") of the relevant issuers or proceeds thereof. Consequently, holders of CDO Securities including the SICAV must rely solely on distributions on the CDO Assets or proceeds thereof for payment in respect thereof. In addition, interest payments on CDO Securities (other than the most senior tranche or tranches of a given issue) are generally subject to deferral. If distributions on the CDO Assets (or, in the case of a market value CDO Securities - as explained hereinafter) - proceeds from the sale of the CDO Assets are insufficient to make payments on the CDO Securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuers of the related CDO Securities to pay such deficiency including to the SICAV will be extinguished.

With a market value CDO deal, principal and interest payments to investors come from both collateral cash flows as well as sales of collateral. Payments to tranches are not contingent on the adequacy of the collateral's cash flows, but rather the adequacy of its market value. Should the market value of collateral drop below a certain level, payments are suspended to the equity tranche. If it falls even further, more senior tranches are impacted. An advantage of a market value CDO is the added flexibility they afford to the investment manager. It is not constrained by a need to match the cash flows of collateral to those of the various tranches.

CDO Assets consist primarily of Sub-Investment Grade loans, interests in Sub-Investment Grade loans, Sub-Investment Grade debt securities and other debt instruments, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. The CDO Assets will generally be subject to greater risks than

Investment Grade corporate obligations. Such investments are normally considered speculative by nature. CDO Assets are typically actively managed by an investment manager and, as a result, CDO Assets will be traded, subject to rating agencies and other constraints, by such investment managers. The aggregate return on the CDO Assets will depend in part on the ability of the relevant investment manager to actively manage the related portfolio of the CDO Assets.

The CDO Assets will be subject to certain portfolio restrictions as set forth herein. However, the concentration of the CDO Assets in any one securities type subjects the holders of CDOs to a greater degree of risk with respect to defaults on the CDO Assets.

The CDO Assets are subject to credit, liquidity, market value, interest rate and certain other risks. These risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular CDO Assets.

CDO Securities are in general privately placed and offer less liquidity than other Investment Grade or Sub-Investment Grade corporate debt. They are also generally issued in structured transactions with risks different from regular corporate debt. In addition, the assets collateralizing market value CDO Securities are subject to liquidation upon the failure of certain tests, and it is likely that any such liquidation would result in a substantial loss of value of the related market value CDO Securities.

Prices of the CDO Assets may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the CDO Assets. In addition, the ability of the issuer to sell CDO Assets prior to maturity is subject to certain restrictions set forth in the offering and constitutive documents of the relevant CDO.

**Convertible securities risk** Certain Sub-Funds may invest in convertible securities which are corporate securities generally offering fixed interest or dividend yields which may be converted either at a stated price or rate for common or preferred stock at specified times during the life of the convertible securities. Although to a lesser extent than with fixed income securities generally, the market value of convertible securities tends to decline as interest rates rise. Because of the conversion feature, the market value of convertible securities also tends to vary with fluctuations in the market value of the underlying common or preferred stock. Convertible bonds may also have call provisions and other features which may give rise to the risk of a call. The value and performance of the Sub-Fund may also be adversely affected as a result.

Investments in convertible securities are subject to the same interest rate risk, credit and prepayment risks associated with comparable conventional corporate bonds. Price changes in fixed interest securities are influenced significantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. The value of convertible securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. The Sub-Fund may also be exposed to the credit and insolvency risks of the issuers of the securities. The NAV of the Sub-Fund may be adversely affected.

**Derivatives and leverage risk** A Sub-Fund may use both listed (including but not limited to futures and options) and/or OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) as part of its investment strategy for investment, and/or hedging and/or efficient portfolio management purposes, but also as applicable repurchase, reverse repurchase or securities lending agreement. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks. In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve a significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the contract and/or of one of its parameters may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Investments in OTC derivatives may have limited



secondary market liquidity and it may be difficult to assess the value of such a position and its exposure to risk. There can be no guarantee that strategies using derivative instruments will meet this expected target. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Transactions in OTC derivatives, such as credit derivatives, may involve additional risk, as there is no exchange market on which to close out an open position. It may be difficult to assess the value of a position and its exposure to risk or to liquidate an existing position.

In addition to derivative instruments, the investment manager may use repurchase or securities lending agreements in the investment program of the Sub-Fund. These techniques may increase the leverage of the Sub-Fund and its volatility. Moreover, the costs associated with leverage and borrowings will affect the operating results of the Sub-Fund.

Whether any margin deposit will be required for OTC options and other OTC instruments, such as currency forwards, swaps and certain other derivative instruments will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

**Defaulted Securities risk** A Sub-Fund may hold Defaulted Securities that may become illiquid. The risk of loss due to default may also be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other creditors of the issuer. If the issuer of a security in a Sub-Fund's portfolio defaults, the Sub-Fund may suffer unrealised losses on the security, which may lower the Sub-Fund's Net Asset Value per Share. Defaulted Securities typically exhibit prices that are highly discounted to their face value.

**Distressed Securities risk** A Sub-Fund may hold Distressed Securities. Distressed Securities are speculative and involve significant risk. Distressed Securities frequently do not produce income while they are outstanding and may require a Sub-Fund to bear certain extraordinary expenses in order to protect and recover its holding. Therefore, to the extent the Sub-Fund seeks capital appreciation, the Sub-Fund's ability to achieve current income for its Shareholders may be diminished by its holding of distressed securities. The Sub-Fund will also be subject to significant uncertainty as to when and in what manner and for what value the obligations evidenced by the distressed securities will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan of reorganisation involving the distressed securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or a plan of reorganisation is adopted with respect to distressed securities held by the Sub-Fund, there can be no assurance that the securities or other assets received by the Sub-Fund in connection with such exchange offer or plan of reorganisation will not have a lower value or income potential than may have been initially anticipated. Moreover, any securities received by the Sub-Fund upon completion of an exchange offer or plan of reorganisation may be restricted as to resale. As a result of the Sub-Fund's participation in negotiations with respect to any exchange offer or plan of reorganisation with respect to an issuer of distressed securities, the Sub-Fund may be restricted from disposing quickly of such securities.

**Downgrading of securities into Sub-Investment Grade and/or unrated debt securities risk** A Sub-Fund may invest in Investment Grade debt securities. Investment Grade debt securities which the Sub-Fund acquired may subsequently be downgraded to Sub-Investment Grade. Downgrading of such debt securities will lead to reduced value of the securities concerned thereby causing losses to the Sub-Fund. The market of Sub-Investment Grade and/or unrated debt securities may be less active, making it more difficult to sell the securities. Larger credit spreads will generally be adopted in the valuation of securities issued by issuers with lower credit rating. Valuation of such securities is more difficult and thus the Sub-Fund's price may be more volatile. The investment value of such securities held by the Sub-Funds may be adversely affected.

**Emerging markets risk** Some of the securities held in the concerned Sub-Fund may involve a greater degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors, as described hereunder.

The prospects for economic growth in a number of these markets are considerable and returns have the potential to exceed those in mature markets where growth is achieved. Investments in Emerging Markets countries offer diversification opportunities as correlations between those markets and other markets could be low. However, price and currency volatility are generally higher in Emerging Markets countries.

Emerging Markets countries' securities may be substantially less liquid and more volatile than those of mature markets. Securities of companies located in Emerging Markets countries may be held by a limited number of persons. This may adversely affect the timing and pricing of the Sub-Funds' acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in Emerging Markets countries involve higher risks than those in developed markets, in part because the Sub-Funds will need to use brokers and counterparties, which are less well capitalised, and custody and registration of assets in some countries may be unreliable. However, the depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets, in accordance with Luxembourg laws and regulations.

The SICAV will seek, where possible, to use counterparties, whose financial status is such that this risk is reduced. However, there can be no certainty that the SICAV will be successful in eliminating this risk for the Sub-Funds, particularly as counterparties operating in Emerging Markets countries frequently lack the substance or financial resources of those in developed countries.

The legal infrastructure in certain countries in which investments may be made may not provide the same degree of investors' protection or information to investors as would generally apply to major securities markets. Generally accepted accounting, auditing and financial reporting practices in Emerging Markets countries may be significantly different from those in developed markets. Compared to mature markets, some Emerging Markets countries may have a low level of regulations, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information.

Some governments exercise substantial influence over the private economic sector and investments may be affected by political and economic instability. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalization, intervention in the securities market and trade settlement and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some Emerging Markets countries may impose differential capital gain taxes on foreign investors.

For example, in a number of emerging markets, registrars are not subject to effective government supervision, nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognize ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Therefore, investors should be aware that the Sub-Funds may suffer loss arising from this type of registration problem and may have no successful claim for compensation.

**Equity volatility strategies risk** Generally, the use of equity volatility products or products which incorporate exposure to implied volatility as part of an investor's portfolio is complex and requires sophisticated analysis. Unsophisticated investors should not invest in equity volatility products without seeking professional advice and unless they are prepared to lose the entire sum they invested. By taking long exposure to implied volatility of equity markets (for example using forward variance swaps) whilst aiming to partially mitigate the carrying costs associated with such long position (for example using short exposure on near-term implied volatility) there is a risk that the cost mitigation technique will not be efficient.

**ESG risk** Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Sub-Fund, and the Sub-Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at



EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Investment Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

**Extension risk** An increase in interest rates could cause principal payments on a debt security, including perpetual bonds that have no maturity date, to be paid back slower than expected. For a callable security, an increase in interest rates may result that the security is not redeemed on its call date resulting in an extension of the expected maturity (increase of the effective duration), where the security may become more exposed and may face market value decrease.

**Flexible asset class risk** The investment manager may apply investment process, techniques and quantitative risk analyses in making investment decisions regarding the strategy of the Sub-Fund. The Sub-Fund's allocation of its investments across the asset classes and sectors may vary significantly over time; that may involve higher turnover (higher transaction costs) however there can be no guarantee that these will produce the aimed results.

**Fund of funds risk** A Sub-Fund, which is established as a fund of funds will invest in funds as part of its investment policy. These investments may result in the Sub-Fund being subject to multiple layers of management fees or other fees. Furthermore, such a Sub-Fund may be subject to valuation risk due to the manner in which the Sub-Fund's target investments are themselves valued.

**Global investments risk** Investments in foreign securities, i.e. securities denominated in a currency different from the Sub-Fund's Reference Currency, offer potential benefits not available from investments solely in securities denominated in the Sub-Fund's Reference Currency. However, it also involves significant risks that are not typically associated with investing in securities denominated in the Sub-Fund's Reference Currency. Indeed, foreign investments may be affected by movements of exchange rates, changes in laws or restrictions applicable to such investments and changes in exchange control regulations (e.g. currency blockage).

In addition, if a Sub-Fund offers unhedged currency Share Classes denominated in a currency different from the Sub-Fund's Reference Currency, the investor is exposed to foreign exchange risks at Share Class level as the value of this kind of Shares depends on the prevailing spot foreign exchange rate between the two currencies.

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the Sub-Fund's ability to invest in securities of certain issuers located in those countries.

Different markets have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the Sub-Fund's assets is uninvested and no return is earned thereon. The inability of the Sub-Fund to make intended securities purchases due to settlement problems could cause the Sub-Fund to miss attractive investments opportunities. Inability to dispose of Sub-Fund's securities due to settlement problems could result either in losses to the Sub-Fund, due to subsequent declines in value of the Sub-Fund's securities, or, if the Sub-Fund has entered into a contract to sell the securities, could result in possible liability to the purchaser.

With respect to certain countries, there is a possibility of expropriation or confiscatory taxation, imposition of withholding taxes on dividend or interest payments, limitations on the removal of Sub-Funds or other assets of the Sub-Funds, political or social instability or diplomatic developments, which could affect investments in those countries.

An issuer of securities may be domiciled in a country other than a country in which currency the instrument is denominated.

The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Investments in sovereign debt obligations by the Sub-Funds involve risks not present in debt obligations of corporate issuers. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest, when due in accordance with the terms of such debt, and the Sub-Funds may have limited recourse to compel payment in the event of a default.

Periods of economic uncertainty may result in volatility of market prices of sovereign debt and in turn the Sub-Fund's NAV. A sovereign debtor's willingness or ability to repay principal and pay interests in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject.

**Hedge funds risk** A limited part of the assets of a Sub-Fund (maximum 10%) may be exposed to funds pursuing alternative strategies. Investments in alternative funds imply certain specific risks linked, for example, to the valuation of the assets of such funds and to their poor liquidity.

**Hedging and income enhancement strategies risk** Each Sub-Fund may engage in various portfolio strategies to attempt to reduce certain risks of its investments and to attempt to enhance return or may hold financial derivative instruments for hedging only. These strategies currently include the use of options, warrants, forward currency exchange contracts, swap and futures contracts and options on futures contracts. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that any of these strategies will meet the expected target. The success of the Sub-Fund's hedging strategy will depend, in part, on the investment manager's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Sub-Fund's hedging strategy will also be subject to the investment manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Sub-Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Sub-Fund than if it had not engaged in such hedging transactions.

The adverse consequences of the use of options, warrants, foreign currency, swap and futures contracts and options on futures contracts may cause a loss to the Sub-Funds higher than the amount invested in these instruments. The global exposure to said instruments may not exceed 100 % of the NAV of the relevant Sub-Fund in the case of Sub-Funds using the commitment approach. Accordingly, the global risk associated with the investments of a Sub-Fund may amount to 200 % of the NAV of the Sub-Fund. As temporary borrowing is allowed up to a maximum of 10%, the global risk can never exceed 210 % of the NAV of the relevant Sub-Fund.

For Sub-Funds using the *Value-at-Risk* approach, the risk associated with the use of derivative instruments may not cause the Sub-Fund to exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section.

If the investment manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-Fund may leave the Sub-Fund in a worse position than if such strategies were not used.

For a variety of reasons, the investment manager may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Sub-Fund from achieving the intended hedge or expose the Sub-Fund to a risk of loss. The investment manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. In adverse situation, the Sub-Fund's use of financial derivative instruments may become ineffective in hedging and the Sub-Fund may suffer significant losses.

Where a Sub-Fund enters into swap transactions it is exposed to a potential counterparty risk. In the case of insolvency or default of the swap counterparty, such event would affect the assets of the Sub-Fund.

**Impact investments risk** Certain Sub-Funds implement AXA IM Impact approach for listed assets and their investment universe is limited to assets that meet specific criteria in relation with the Sustainable Development Goals established by the United Nations (intentionality, materiality, additionality, negative externality and measurability). As a result, their respective performance may be different from a fund implementing a similar investment strategy without Impact approach. The selection of assets may in part rely on third party data appreciated at the time of investment that may evolve over time.

**Low carbon emission concentration risk** Sub-Funds may focus their investments in low carbon emission. This may lead to adverse consequences for such a Sub-Fund when such companies, sectors, countries or ratings with low carbon emission focus become less valued. For the Sub-Funds that have a concentration in investments with a low carbon emission focus, the value of such Sub-Funds may be more volatile than that of a fund having a more diverse portfolio of investments.

**Inflation-linked products risk** Some Sub-Funds could deal with inflation-linked products, such as inflation linked-bonds and/or inflation swaps. Inflation-linked bonds are special types of indexed bonds that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-linked bonds generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increases at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked bonds. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline and result in an increase in value of inflation-linked bonds.

If the Sub-Fund purchases inflation-linked bonds in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Sub-Fund purchases inflation-linked bonds in the secondary market which price has been adjusted upward due to real interest rates increasing, the Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Sub-Fund holds an inflation-linked bond, the Sub-Fund may earn less on the security than on a conventional bond.

If real interest rates rise (i.e. if interest rates rise for reasons other than inflation), the value of the inflation-linked bonds in the Sub-Fund's portfolio and the NAV of the Sub-Fund will decline. Moreover, because the principal amount of inflation-linked bonds would be adjusted downward during a period of deflation, the Sub-Fund will be subject to deflation risk with respect to its investments in these securities and the NAV of the Sub-Fund may be adversely affected. There can be no assurance that such indices will accurately measure the real rate of inflation.

Additionally, the market for inflation-linked bonds may be less developed or liquid, and more volatile, than certain other securities markets. There are a limited number of inflation-linked bonds that are currently available for the Sub-Funds to purchase, thus making the market less liquid and more volatile.

An inflation swap is an agreement between two counterparties to swap fixed rate payments on a notional amount for floating rate payments linked to an inflation index. The purchase (sale) of an inflation swap protection permits the Sub-Fund to enter into an inflation risk which is comparable with the sale (purchase) of a normal nominal bond in relation to an inflation-indexed bond: If actual inflation is higher (lower) than that expected at the time the transaction was entered into and accounted for in the price of the contract, the purchase (sale) of the inflation swap protection results in higher performance; in the opposite instance it results in lower performance than if the protection had not been bought (sold).

**Contingent convertible bonds risk** In the framework of new banking regulations, banking institutions are required to increase their capital buffers and have therefore issued certain types of financial instrument known as subordinated contingent capital securities (often referred to as "CoCo" or "CoCos"). The main feature of a CoCo is its ability to

absorb losses as required by banking regulations, but other corporate entities may also choose to issue them.

Under the terms of a CoCo, the instruments become loss absorbing upon certain triggering events, including events under the control of the management of the CoCo issuer which could cause the permanent write-down to zero of principal investment and / or accrued interest, or a conversion to equity that may coincide with the share price of the underlying equity being low. These triggering events may include (i) a deduction in the issuing bank's capital ratio below a pre-set limit, (ii) a regulatory authority making a subjective determination that an institution is "non-viable" or (iii) a national authority deciding to inject capital.

Furthermore, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group and the application of these policies. Any such changes, including changes over which the issuer or its group has a discretion, may have a material adverse impact on its reported financial position and accordingly may give rise to the occurrence of a trigger event in circumstances where such a trigger event may not otherwise have occurred, notwithstanding the adverse impact this will have on the position of holders of the CoCos.

CoCos are valued relative to other debt securities in the issuer's capital structure, as well as equity, with an additional premium for the risk of conversion or write-down. The relative riskiness of different CoCos will depend mainly on the distance between the current capital ratio and the effective trigger level, which once reached would result in the CoCo being automatically written-down or converted into equity.

It is possible in certain circumstances for interest payments on certain CoCos to be cancelled in full or in part by the issuer, without prior notice to bondholders. Therefore, there can be no assurances that investors will receive payments of interest in respect of CoCos. Unpaid interest may not be cumulative or payable at any time thereafter,

Notwithstanding that interest not being paid or being paid only in part in respect of CoCos or the principal value of such instruments may be written down to zero, there may be no restriction on the issuer paying dividends on its ordinary shares or making pecuniary or other distributions to the holders of its ordinary shares or making payments on securities ranking pari passu with the CoCos resulting in other securities by the same issuer potentially performing better than CoCos.

CoCos generally rank senior to common stock in an issuer's capital structure and are consequently higher quality and entail less risk than the issuer's common stock; however, the risk involved in such securities is correlated to the solvency level and / or the access of the issuer to liquidity of the issuing financial institution.

The structure of CoCos is yet to be tested and there is some uncertainty as to how they may be impacted in regards to liquidity challenges and industry concentration in a stressed environment of deteriorating financial condition.

**Investments in MLPs risk** As compared to common stockholders of a corporation, holders of MLP units have more limited control and limited rights to vote on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP units and conflicts of interest may exist between common unit holders and the general partner, including those arising from incentive distribution payments.

A change in current tax law, or a change in the business of a given MLP, could result in an MLP being treated as a corporation for US federal income tax purposes, which would result in such MLP being required to pay US federal income tax on its taxable income. Thus, if any of the MLPs owned by the Fund were treated as corporations for US federal income tax purposes, the after-tax return to the Fund with respect to its investment in such MLPs would be materially reduced, which could cause a decline in the value of the common stock.

To the extent that the Fund invests in the equity securities of an MLP, the Fund will be a partner in such MLP. Accordingly, the Fund will be required to include in its taxable income the Fund's allocable share of the income, gains, losses, deductions and expenses recognised by each such MLP, regardless of whether the MLP distributes cash to the Fund. The Fund will incur a current tax liability on its allocable share of an MLP's income and gains that is not offset

by the MLP's tax deductions, losses and credits, or its net operating loss carryforwards, if any. The portion, if any, of a distribution received by the Fund from an MLP that is offset by the MLP's tax deductions, losses or credits is essentially treated as a return of capital. The percentage of an MLP's income and gains that is offset by tax deductions, losses and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by MLPs held in the Fund's portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased current tax liability for the Fund.

Because of the Fund's investments in equity securities of MLPs, the Fund's earnings and profits may be calculated using accounting methods that are different from those used for calculating taxable income. Because of these differences, the Fund may make distributions out of its current or accumulated earnings and profits, which will be treated as dividends, in years in which the Fund's distributions exceed its taxable income. In addition, changes in tax laws or regulations, or future interpretations of such laws or regulations, could adversely affect the Fund or the MLP investments in which the Fund invests.

MLPs owning several properties or businesses (or own interests) that are related to in energy and natural resource industries. Accordingly, MLPs will be negatively impacted by economic events adversely impacting the oil and gas or other natural resource industries to which its business relates.

**Investments in real estate securities and REITs risk** The value of real estate securities and REITs may be affected by the condition of the economy as a whole and by the changes related to the state and valuation of the real estate businesses which is of a cyclical nature, mainly sensitive to interest rate level and rental income. The REITs are impacted by the creditworthiness of the issuer of the investments and the level of taxes, liquidity of the credit markets and the real estate regulatory environment.

**Investments in small and/or micro capitalisation universe risk** Investing in the small and/or micro capitalisation universe implies specific liquidity risk. The possible lack of a liquid market may inhibit the ability of the relevant Sub-Funds to purchase or sell such investment at an advantageous price. The NAV of the Sub-Funds may be adversely affected.

**Investments in Special Purpose Acquisition Companies ("SPAC")** SPACs are a type of blank check company which is publicly traded, has no commercial operations and is formed strictly to raise investment capital through an initial public offering ("IPO") for the purpose of acquiring or merging with an existing company so to transition such company from a private company to a publicly traded company. It is important to understand the investment objectives and specific risk profile of a SPAC as it moves through its shell company stage and initial business combination, as well as the financial interests of the SPAC sponsors and related persons. Unlike an operating company that becomes public through a traditional IPO, a SPAC is a shell company when it becomes public. This means that it does not have an underlying operating business and does not have assets other than cash and limited investments, including the proceeds from the IPO which are held in a trust account. Due to the lack of tangible underlying assets and/or underlying assets without proven track record in stock exchanges, it might be hard to sell the shares in SPAC at a desired time without incurring in any losses in price. It may also be the case that a SPAC imposes a redemption limit.

In case a Sub-Fund invests in a SPAC at the IPO stage, the Sub-Fund has to rely on the managing sponsors that formed the SPAC as the SPAC looks to acquire or combine with an operating company. Whilst the identity of the acquisition target is typically unknown at the time the SPAC seeks investors, a SPAC may identify in its IPO prospectus a specific industry or business that it will target as it seeks to combine with an operating company, but it is not obligated to pursue a target in the identified industry. The level of transparency provided in disclosures to SPAC investors is limited and the risk factors are typically generic in nature, particularly where the acquisition strategy is more broadly defined. At the stage of the acquisition of the target company by the SPAC, it is possible that no approved prospectus will be published in relation to the business combination unless required under the local law. In such a case there will be limited insight into

actual underlying investments following the acquisition, as opposed to traditional listed companies.

The SPAC is liquidated for not having completed an initial business combination within a certain period of time. A SPAC will typically provide for a two-year period to identify and complete an initial business combination transaction. If the SPAC is liquidated, shareholders at the time of the liquidation will be entitled to their pro rata share of the aggregate amount then on deposit in the trust account, which might result in losses for the relevant Sub-Fund. Unlike a traditional IPO of an operating company, the SPAC IPO price is not based on a valuation of an existing business and it might be hard to estimate the real value and potential performance of the target company. When the units, common stock and warrants begin trading, their market prices may fluctuate, and these fluctuations may bear little relationship to the ultimate economic success of the SPAC. The costs of underwriting fees might not be fairly borne between SPAC redeeming investors and remaining investors.

SPAC share price can decrease following their acquisition because of the potential share dilution caused by a SPAC's share structure. When a SPAC goes public, its ownership structure is designed in a way to ensure that the founders own a certain percentage of the company even though their monetary investment might be negligible. These shares are granted to the founders to structure the SPAC and search for a promising target. The ownership is typically set at 20% of the total SPAC shares. Within a combined entity, the founder's stake will be diluted. It is important to remember that the founders provided no capital in exchange for these shares, which could materially dilute the combined entity ownership.

Price declines can also reflect that SPAC executives failed to accurately assess the financial prospects and risks of the target, resulting in overpayment.

For SPAC sponsors and board directors, the SPAC structure can produce inherent conflicts. Founder shares expire worthless if an acquisition is not completed before the SPAC expiration date. This can create an incentive for the sponsor and directors to find any target irrespective of the financial prospects of the deal, to the detriment of common shareholders.

Investments in SPACs may therefore include risks such as availability of information with regards to a SPAC structure, dilution, liquidity, conflicts of interests in relation to sponsors' incentives and the uncertainty as to the identification, and evaluation of the target company.

**Investments in specific countries or geographical zones risk** Sub-Funds concentrating their investments in certain countries or geographical regions are therefore subject to the risks associated with concentrating investments in regions. This type of strategy may lead to adverse consequences when target markets drop or encounter liquidity issues.

**Investments in specific sectors or asset classes risk** Certain Sub-Funds concentrate their investments in certain asset classes (commodities, real estate) or in companies of certain sectors of the economy (such as healthcare, consumer staples and services, telecommunications or real estate) and are therefore subject to the risks associated with concentrating investments in such classes and sectors. This type of strategy may lead to adverse consequences when such asset classes or sectors become less valued or less liquid.

**Investment through the Stock Connect program risk** Some Sub-Funds may invest in the Chinese domestic market through the Stock Connect program.

Regulatory risk

The current regulations are subject to change and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The concerned Sub-Fund may be adversely affected as a result of such changes.

Investment limitations

The Stock Connect is subject to quota limitations on daily basis. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance) and there is no certainty



that the quota might be extended in the future. Therefore, quota limitations may restrict the concerned Sub-Fund's ability to invest in A Shares through the Stock Connect on a timely basis, and the concerned Sub-Fund may not be able to effectively pursue its investment strategy.

In addition stock may be recalled from the scope of eligible stocks for trading via the Stock Connect and in such a case the stock can only be sold but restricted from being bought. This may affect the ability of the Sub-Fund to implement its investment strategy.

It is contemplated that Hong Kong stock exchange and PRC stock exchanges markets would reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is affected, the concerned Sub-Fund's ability to access the PRC market via Stock Connect will be adversely affected.

The Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding Settlement Days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the concerned Sub-Fund cannot carry out any A Shares trading via the Stock Connect where that day is not a trading day in Hong Kong. The concerned Sub-Fund may be subject to a risk of price fluctuations in A Shares during the time when the Stock Connect is not trading as a result.

#### Pre-trade checking

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the Chinese Market Stock Exchange will reject the sell order concerned. Pre-trade checking will be carried out on A share sell orders to ensure there is no over-selling.

#### Operational risk

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. The securities regimes and legal systems of Hong Kong stock exchange and PRC stock exchanges differ significantly and market participants may need to address issues arising from the differences on an on-going basis.

There is no assurance that the system of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The concerned Sub-Fund's ability to access the A share market via the Stock Connect (and hence to pursue its investment strategy) may be adversely affected.

#### Execution issues

Stock Connect trades may, pursuant to the Stock Connect rules, be executed through one or multiple brokers. Given the pre-trade checking requirements, the Investment manager may determine that it is in the interest of the concerned Sub-Fund that it only executes Stock Connect trades through a broker who is affiliated to the SICAV's sub-depositary that is an exchange participant. In that situation, whilst the Investment manager will be cognizant of its best execution obligations, it will not have the ability to trade through multiple brokers and any switch to a new broker will not be possible without a commensurate change to the SICAV's sub-custody arrangements.

#### Ownership of Stock Connect securities

The recognition of the concerned Sub-Fund's ownership on the Stock Connect securities will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise.

**Leverage provider risk** The provision of the leverage to the Sub-Fund by the counterparty(ies) is an important component of the Sub-Fund's strategy. If for specific, systemic, or operational reasons the counterparty(ies) used for the set-up of the leverage is not able to do so or if market conditions evolve and generate too expensive

funding costs of the setup of the leverage, this could notably lead, under certain circumstances, to underperformance, forced deleverage or liquidation of the sub-fund. As such, this (these) counterparty(ies) is (are) a key dependency for the Sub-fund. Attention of the shareholders is drawn to the fact that the number of counterparties may be limited to one.

#### Method and model risk

In seeking to achieve certain Sub-Funds' investment objectives, the relevant Investment Manager may use outcomes generated by proprietary quantitative analytical models owned and operated by the AXA Investment Managers group of companies. Quantitative modelling is a very complex process involving hundreds of thousands of data points and settings encoded in computer software, and the Investment Manager and its affiliates review these codes and the various components to the models with a view to ensuring that they are appropriately adapted and calibrated to reflect the Investment Manager's view as to the potential implications of evolving external events and factors, including constantly changing economic, financial market and other conditions. This process involves the exercise of judgments and a number of inherent uncertainties. The Investment Manager's view, including those related to the optimal configuration, calibration and adaptation of the models, may change over time depending on evolving circumstances, on information that becomes available to the Investment Manager and its affiliates and on other factors.

While the Investment Manager attempts to ensure that the models are appropriately developed, operated and implemented on a continuing basis, sub-optimal calibrations of the models and similar issues may arise from time to time, and neither the Investment Manager nor any of its affiliates can guarantee that the models are in an optimal state of calibration and configuration at all times. Further, inadvertent human errors, trading errors, software development and implementation errors, and other types of errors are an inherent risk in complex quantitative investment management processes of the type the Investment Manager employs. While the Investment Manager's policy is to promptly address any such errors when identified, there can be no guarantee that the overall investment process will be without error or that it will produce the desired results. There can be no guarantee that the Investment Managers will be able to implement its quantitative strategies on an ongoing basis.

**Net Asset Value fall risk** Under certain market conditions, the NAV variation of certain Sub-Funds may be very low or even negative.

**PRC tax consideration risk** Regarding the investment in the Chinese domestic market, some Sub-Funds may be affected by some tax considerations.

Under the prevailing PRC tax policy, there are certain tax incentives available to PRC companies with foreign investments. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future. In addition, the SICAV may be subject to withholding and other taxes imposed in the PRC. The value of the SICAV's investments will be affected by taxation levied through the Investment manager's QFI regime or through the Stock Connect, which the SICAV will be required to reimburse to the investment manager.

The tax laws, regulations and practice in the PRC are subject to change, and may be changed with retrospective effect. The interpretation and applicability of the tax law and regulations by PRC tax authorities are not as clear and transparent as those of more developed countries and may vary from region to region. In particular, effective from 17 November 2014 the PRC tax authorities have temporarily suspended the income tax payable on capital gains arising from securities trading of QFIs and of the Stock Connect. Relevant tax authorities may in the future re-activate such a tax or withholding tax on realised gains by the QFI's Sub-Fund and through the Stock Connect from dealing in PRC securities. In light of this uncertainty and in order to meet this potential tax liability for capital gains, the management company reserves the right to provide for the tax on such gains and withhold the tax for the account of the SICAV. With respect to any provisions for tax which may become payable by the SICAV, the assessment of the likelihood of materializing and activating such provisions is performed by the management company at its sole discretion. The amount of any such tax provision will be disclosed in the accounts of the SICAV. If the actual applicable tax levied by PRC tax authorities is greater than that provided for by the

SICAV so that there is a shortfall in the tax provision amount, investors should note that the NAV of the SICAV may suffer more than the tax provision amount as the SICAV will ultimately have to bear the additional tax liabilities. In this case, the existing and new shareholders will be disadvantaged. On the other hand, if the actual applicable tax levied by PRC tax authorities is less than that provided for by the SICAV so that there is an excess in the tax provision amount, shareholders who have redeemed the shares before PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the SICAV's overprovision. In this case, the existing and new shareholders may benefit if the difference between the tax provision and the actual taxation liability can be returned to the account of the SICAV as assets thereof. In addition, the value of the SICAV's investment in the PRC and the amount of its income and gains could also be adversely affected by an increase in rates of taxation or changes in the basis of taxation.

#### Bond Connect

According to the Caishui 2018 No. 108, effective from 7th November 2018 to 6th November 2021, there is a three-year tax exemption (including withholding tax, VAT and local surcharges) on bond interest income derived by qualified non PRC tax residents through Bond Connect. Except for the above, there is no specific regulation released regarding the tax treatment on capital gains through Bond Connect. Without further clarification, Chinese tax authorities may levy withholding tax, VAT as well as the surcharges on bond capital gains.

In light of the legal and regulatory uncertainties in China, the SICAV reserves the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (which may be payable by the Sub-Fund to the Chinese tax authorities in respect of its investments in China) from assets of the Sub-Fund. The amount of provision (if any) will be disclosed in the financial statements of the SICAV. In this regard, the SICAV has, as at the date of this Prospectus, determined that no tax provision will be made on the capital gains derived from PRC investments. Any provision for taxes made by the SICAV may be more or less than the Sub-Fund's actual Chinese tax liabilities. If the Sub-Fund does not set aside enough to meet these tax obligations, then the shortfall may be debited from the Sub-Fund's assets to meet its actual Chinese tax liabilities. As a result, the income from, and/or the performance of the Sub-Fund may be reduced/adversely affected and the impact/degree of impact on the individual shareholders may vary, depending on factors such as the level of the Sub-Fund's provision for taxes and the amount of the shortfall at the relevant time and when the relevant shareholders subscribed for and/or redeemed their Shares in the Sub-Fund.

#### Absolute return strategies risk

Certain Sub-Funds may use absolute return strategies (the "Strategies").

##### High portfolio turnover risk

Such Strategies may involve high portfolio turnover. More frequent trading is likely to result in higher levels of brokerage fees, commissions and market impact which may adversely affect the level of the relevant Strategy and therefore the value of and return on the Sub-Fund.

##### No assurance of positive returns and/or successful Strategy risk

The results that may be obtained from investing in any financial instrument linked to a Strategy or otherwise participating in any transaction linked to a Strategy may well be significantly different from the results that could theoretically be obtained from a direct investment in the relevant components of such Strategy or any related derivatives thereto.

##### Correlation risk

The performance of certain Strategies may become highly correlated from time to time, including, but not limited to, periods in which there is a substantial decline in a particular sector or asset type represented by a Strategy. High correlation during periods of negative returns may have a significant adverse effect on the value of and return on the Sub-Fund.

##### Limited operating history risk

Some Strategies are relatively new and no historical performance data may exist with respect to these Strategies. Investment in such Strategies may involve greater risk than investments linked to a strategy with a proven track record. The limited track record with

respect to a Strategy is particularly significant because the algorithm underlying each Strategy is based on historical data referencing returns to date that may or may not be repeated in the future.

##### High leverage risk

Investors should be aware that the Sub-Fund will use high level of leverage to meet its investment objective. Such high leverage may accentuate falls in the Sub-Fund's NAV where the markets move against the Sub-Fund and thereby increase losses. The cumulative effect of the use of leverage by the Sub-Fund, directly or indirectly, in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to the Sub-Fund that would be greater than if leverage were not employed by such Sub-Fund. The Sub-Fund might lose a significant part or all of its initial investment.

The use of leverage is integral of the Sub-Fund's Strategies, and the Sub-Fund may depend on the availability of leveraging agreements with banks, dealers or other counterparties. There can be no assurance that the Sub-Fund will be able to maintain adequate leveraging arrangements under all market circumstances. As a general matter, the banks, dealers and other counterparties that provide leverage to the Sub-Fund can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks, dealers and other counterparties in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Sub-Fund to liquidate all or a portion of its portfolio at disadvantageous prices. During the prevailing "financial crisis," the availability of financing and leveraging has been materially restricted. In addition, many dealers have materially increased the cost and margin requirements applicable to outstanding financing and leveraging, materially adversely affecting certain funds.

##### "Non-capturing" of absolute return Strategies risk

There is no guarantee that the Sub-Fund will be successful at capturing absolute return Strategies or that any such absolute return will persist in any particular market over time. Furthermore, as a result of changes in market structure and/or due to increased investment in products attempting to capture the absolute return Strategies or other similar investment themes, the underlying factors of absolute return Strategies may change, cease to exist, and/or lead to negative expected returns over any time period.

##### Synthetic Short position risk

The Sub-Fund may employ certain derivative techniques (such as contracts for difference) designed to produce the same economic effect as a short sale (a "synthetic short") and establish both "long" and "short" positions in individual stocks, assets and markets. As a result, as well as holding assets that may rise or fall with markets, the Sub-Fund may also hold positions that will rise as the market value falls, and fall as the market value rises. Taking synthetic short positions involves trading on margin and accordingly can involve greater risk than investments based on a long position. Taking synthetic short positions involves as well recall risk, since lenders may recall borrowed securities at any time.

**Redex (share class/strategy) risk relating to interest rate** Interest rate risk involves the risk that, when interest rates increase along the curve, as the market value of fixed-income securities tends to decline, as a result the NAV of standard Shares/global inflation bonds sub-funds tends to decrease. Conversely, when interest rates decline along the curve, the market value of fixed-income securities tends to increase, as a result, the NAV of the standard Shares/global inflation bonds sub-funds tend to increase. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term securities. The aim of the listed derivatives overlay strategy implemented at the Redex Share Class/Sub-Fund's level is to reduce the exposure to interest rates parallel shifts along the curves. Therefore, the impact of interest rates parallel shifts on the Redex Share/Sub-Fund's NAV tends to be reduced compared to the impact of such move on the standard Shares/ global inflation bonds sub-



funds. When interest rates increase, as the market value of fixed-income securities tends to decline, the market value of the overlay strategy tends to increase, as a result the impact of the interest rates increase on the value of the Redex Share Classes/Sub-Funds tends to be more limited. Conversely, when interest rates decline, the market value of fixed-income securities tends to increase, and the market value of the overlay strategy tends to decrease as a result the impact of the interest rates decrease on the value of the Redex Share Classes/Sub-Funds tends to be more limited. There might be costs of carry associated with such strategies should inflation remain too low.

**Reinvestment risk** Reinvestment risk is the risk that proceeds from bond coupons or redemptions may be reinvested at lower yields than that of the previous investment, due to the market conditions at the time that the proceeds are invested. The callability feature in corporate bonds, including perpetual bonds (bonds without maturity date), increases reinvestment risk as companies will call their bonds when they can issue bonds with a lower yield.

**RMB Currency risk** A majority of the concerned Sub-Fund's assets will be invested into investments denominated in RMB. There can be no assurance that RMB will not be subject to devaluation or revaluation. These may expose the Sub-Fund to exchange rate fluctuation and currency risk. RMB is currently not a freely convertible currency and subject to exchange controls and restrictions, the concerned Sub-Fund may be subject to higher transaction costs associated with currency conversion.

**QFI regime risk** Some Sub-Fund may invest directly in the Chinese domestic market via the QFI regime.

QFI regime

The rules and restrictions under QFI regime generally apply to the QFI as a whole and not simply to the investments made by the Sub-Fund. The Sub-Fund may therefore be adversely affected for reasons due to the investment activities by the QFI holder. For example, the Sub-Fund may be exposed to particular disclosure requirements or suffer from regulatory action linked to a breach of the QFI regulations by the QFI holder.

The QFI regime is relatively new, and the application of the QFI regime is subject to interpretation. The CSRC and the SAFE have been given wide discretions in the QFI regime and there is no precedent or certainty as to how these discretions might be exercised. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. In the worst scenario, the Investment Manager may determine that the Sub-Fund shall be terminated if it is not legal or viable to operate the Sub-Fund because of changes to the application of the relevant rules. The QFI regime impose strict investment guidelines such as investments limitation on foreign ownership of holdings that might impact the performance and/or liquidity of the QFI Sub-Funds. Repatriations by QFIs are not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted, and the repatriation process may be subject to certain requirements set out in the relevant regulations (e.g. submission of certain documents when repatriating the realised cumulative profits). Completion of the repatriation process may be subject to delay. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the QFI Sub-Funds' ability to meet redemption requests from the Shareholders. In extreme circumstances, the SICAV may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to QFI investment restrictions.

The current QFI laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the QFI laws, rules and regulations will not be abolished. The Sub-Fund, which invests in the PRC markets through the QFI status of the Investment Manager, may be adversely affected as a result of such changes.

Risks regarding execution through PRC Broker

As QFI holder, the Investment Manager will also select brokers ("PRC Brokers") to execute transactions for the SICAV in the PRC markets. There is a possibility that the SICAV may only appoint one PRC Broker.

If a single PRC Broker is appointed, the concerned Sub-Fund may not always pay the lowest commission available in the market. However, the SICAV shall, in the selection of PRC Brokers, have regard to factors such as the competitiveness of commissions rates, size of the relevant orders and execution standards. There is a risk that the Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, and the SICAV may also incur losses due to the acts or omissions of the PRC Brokers in the execution or settlement of any transaction or in the transfer of any funds or securities.

Cash deposited with the PRC Custodian The Depositary has appointed a local custodian for the SICAV (the "PRC Custodian"), where the PRC Sub-Custodian will hold the assets of the Sub-Fund invested in the PRC through the QFI regime held by AXA Investment Managers Paris. According to the current QFI regime, a QFI is allowed to appoint multiple local custodians. Investors should note that cash deposited in the cash account of the Sub-Fund with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Such cash will be commingled with cash belonging to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors of the PRC Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

**Securitised assets or CDO assets risk** Securitized assets or CDO assets (CLO, ABS, RMBS, CMBS, CDO, etc.) are subject to credit, liquidity, market value, interest rate and certain other risks. Such financial instruments require complex legal and financial structuring and any related investment risk is heavily correlated with the quality of underlying assets which may be of various types (leveraged loans, bank loans, bank debt, debt securities, etc.), economic sectors and geographical zones.

**Sovereign debt risk** The Sub-Funds may invest in sovereign debt. Certain countries are especially large debtors to commercial banks and foreign governments. Investment in such debt obligations, i.e. sovereign debt, issued or guaranteed by such governments or governmental entities involves a higher degree of risk. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. The value of investments of the Sub-Funds may be adversely affected. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest on their debt. In addition, there are no bankruptcy proceedings for such sovereign debt on which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain Sub-Funds may be further subject to the risk of high concentration in debt securities issued by and/or guaranteed by a single sovereign issuer which is Sub-Investment Grade and/or unrated which is also subject to higher credit / default risk. In the event of a default of the sovereign issuer, these Sub-Funds may suffer significant loss.

**Sub-Investment Grade debt securities (High Yield) risk** Some of the Sub-Investment Grade securities held in the Sub-Funds may involve increased credit and market risk; such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as Interest Rate Sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. The NAV of the Sub-Funds may be adversely affected. In selecting securities, the Sub-Funds will consider among other things, the price of the securities, and the issuer's financial history, condition,

management and prospects. The Sub-Funds will endeavor to mitigate the risks associated with Sub-Investment Grade securities, by diversifying their holdings by issuer, industry and credit quality.

**Subordinated debts risk** A Sub-Fund may invest in subordinated debt, including perpetual debts that have no maturity date. Subordinated debt is debt which, in the case of insolvency of the issuer, ranks after other debts in relation to repayment. Because subordinated debt is repayable after senior debts have been re-paid, the chance of receiving any repayment on insolvency is reduced and therefore subordinated debt represents a greater risk to the investor.

These securities generally have a lower rating than senior debt issued by the same issuer.

Depending on the jurisdiction of the issuer, a financial regulator with supervisory authority may use statutory powers and deem the issuer of subordinated debt to have reached a point of non-viability, meaning that public intervention would be necessary. Under such conditions, subordinated debt securities may absorb losses prior to bankruptcy.

The liquidity for such investments in stressed market environments may be limited, negatively impacting the price they may be sold at, which in turn may negatively impact the Fund's performance.

# More about Derivatives

## TYPES OF DERIVATIVES THE SUB-FUNDS USE

Although the Sub-Funds do not rule out the use of any type of derivative, they generally expect to use the following types, among others:

- financial futures and options, such as futures or options on equities, interest rates, indices, bonds, currencies, commodity indices or other instruments
- forwards, such as foreign exchange contracts (currency forwards). Foreign exchange transactions for Sub-Funds may be carried out by a company within AXA acting as agent on the instruction of the Management Company and any of its duly appointed delegates at rates approved by the Management Company.
- swaps (contracts where two parties exchange the returns from two different assets, indices, or baskets of the same), such as foreign exchange, commodity index, interest rate, volatility and variance swaps
- total return swaps (contracts where one party transfers to another party the total performance of a reference obligation, including all interest, fee income, market gains or losses, and credit losses)
- credit derivatives, such as credit default derivatives, credit default swaps (contracts where a bankruptcy, default, or other “credit event” triggers a payment from one party to the other) and credit spread derivatives
- warrants
- mortgage TBAs (securities based on a pool of mortgages that has not yet been finalised but whose overall characteristics are specified)
- structured financial derivatives, such as credit-linked and equity-linked securities

Futures are generally exchange-traded. All other types of derivatives are generally OTC. For any index-linked derivatives, the index provider determines the rebalancing frequency. The cost is not significant to a Sub-Fund when an index is rebalanced.

In deciding when to use derivatives, and which ones to use, a Sub-Fund will consider such factors as liquidity, cost, efficiency, capacity to trade quickly, size, maturity of the investment and other relevant factors.

Any possible use of a total return swap or similar derivative by any Sub-Fund is described in “Sub-Fund Descriptions.”

## PURPOSES OF DERIVATIVES USE

Each Sub-Fund can use derivatives for the following purposes:

- hedging against market risk and currency risk
- gaining exposure to market, securities or issuer as described in the Sub-Fund’s “Objective and Investment Strategy” section
- efficient portfolio management (described below in “More About Efficient Portfolio Management”)
- any other legally permissible purpose that is described in the Sub-Fund’s “Objective and Investment Strategy” section, along with information about the general extent, nature and conditions of the usage.

## RISKS ASSOCIATED WITH INVESTMENTS IN FINANCIAL DERIVATIVE INSTRUMENTS (“FDI”)

**General risk** Certain Sub-Funds may use both listed (including but not limited to futures and options) and OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) extensively for investment purposes as well as for hedging or efficient portfolio management purposes. No specific strategy relating to FDI is adopted by the management company and the investment managers of the Sub-Funds.

Should the extensive use of derivatives be incorrect, ineffective or unsuccessful due to market conditions, the Sub-Fund may suffer a substantial loss or even a total loss, which will lead to an adverse effect on the NAV of the Sub-Fund. The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The Sub-Funds may be invested in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

The Sub-Funds may from time to time utilize both exchange-traded, such as collateralized debt obligations, and OTC credit derivatives, such as credit default swaps as part of its investment policy and for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of funds actually placed as initial margin and may result in loss substantially exceeding any margin deposited. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position. The relevant Sub-Funds’ ability to use derivatives may be limited by market conditions, regulatory limits and tax considerations. These instruments involve certain special risks and may expose investors to a high risk of loss. Should the use of FDI be incorrect, ineffective or unsuccessful due to market conditions, the relevant Sub-Funds may suffer a substantial loss, having an adverse effect on the NAV of the relevant Shares.

**Counterparty risk** Some transactions in FDI by the Sub-Funds may be entered into with counterparties on an off exchange basis, more commonly referred to as OTC transactions. It should be noted that all OTC transactions expose the investor to the credit risk of the counterparty. In the event that the counterparty to the transaction is unable to meet or otherwise defaults on its obligations (for example due to bankruptcy or other financial difficulties), the relevant Sub-Funds may be exposed to significant losses greater than the cost of the FDI. The risk of default of the counterparty is directly linked to the creditworthiness of that counterparty. In respect of a default on a foreign exchange transaction, it is possible that the entire principal of a transaction could be lost in the event of a counterparty default.

Since the Sub-Funds are UCITS IV compliant, the relevant Sub-Funds’ exposure to single individual counterparty may not exceed 10% of the relevant Sub-Funds’ FDI exposure on an aggregated basis. Counterparty risk may be further mitigated through the use of collateral agreements. However, collateral arrangement is still subject to the insolvency risk and credit risk of the issuers of the collateral. The management company ensures that a rigorous counterparty assessment and approval process is followed.

**Volatility risk** The relevant Sub-Funds may invest in FDIs with different degree of volatility. The prices of derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward contracts, futures contracts and other

derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

**Valuation risk** Investors should note that the relevant Sub-Funds may invest in FDIs which can be difficult to value and may entail increased market risk. Incorrect valuation or pricing of derivatives may occur as many derivatives are complex and frequently valued subjectively. Independent pricing information may not at times be available. Such investments could expose the relevant Sub-Funds to losses greater than the cost of the FDI and may increase substantially the Sub-Funds' volatility, compared with a corresponding Sub-Fund which only uses FDIs for hedging purposes.

**Leverage risk** The use of FDIs may lead to a leverage effect. Higher degree of leverage may be inherent in trading of derivatives (i. e. the loan margin deposits normally required in derivative trading means that the derivative trading may be highly leveraged). Accordingly, a relatively small price movement in derivatives may result in an immediate and substantial loss to the relevant Sub-Funds; and may result in greater fluctuations and volatility of the NAV of the relevant Sub-Funds.

**Liquidity risk** The possible absence of a liquid market for any particular instrument at any particular time may inhibit the ability of the relevant Sub-Funds to value and liquidate the derivatives at an advantageous price.

**Other risks** The use of techniques and instruments also involves certain special risks, including:

1. dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, securities prices and currency markets,
2. imperfect correlation between the price movements of the derivatives and price movements of related investments,
3. the fact that skills needed to use these instruments are different from those needed to select the Sub-Funds' securities
4. the possible absence of a liquid market for any particular instrument at any particular time,
5. possible impediments to effective portfolio management or the ability to meet redemptions,
6. the possible inability of the Sub-Funds to purchase or to sell a portfolio security at a time that otherwise would be favourable for it to do so,
7. possible losses arising from an unexpected application of law or regulation or arising as a result of the unenforceability of a contract,
8. possible legal risks arising in relation to derivative contract documentation, particularly issues arising relating to enforceability of contracts and limitations thereto and
9. settlement risk as when dealing with futures, forwards, swaps, contracts for differences the relevant Sub-Funds' liability may be potentially unlimited until the position is closed.

A list of FDIs most commonly used and the additional risks involved are set out below:

- **Liquidity of futures contracts risk** Futures positions, such as bond futures contracts, may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Sub-Fund from liquidating unfavourable positions.

- **Credit Default Swap risk** Sub-Funds may in particular engage in the credit derivatives market by entering, i.e., into credit default swaps in order to sell or buy protection. A credit default swap ("CDS") is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer acquires the right to sell a particular bond or other designated reference obligations issued by the reference issuer for its par value or the right to receive the difference between par value and market price of the said bond or other designated reference obligations (or some other designated reference or strike price) when a credit event occurs. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The International Swap and Derivatives Association (ISDA) have produced standardized documentation for these derivatives transactions under the umbrella of its ISDA Master Agreement. The Sub-Fund may use credit derivatives in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, the Sub-Fund may, provided it is in its exclusive interest, buy protection under credit derivatives without holding the underlying assets. Provided it is in its exclusive interest, the Sub-Fund may also sell protection under credit derivatives in order to acquire a specific credit exposure. The Sub-Fund will only enter into OTC credit derivatives transactions with highly rated financial institutions specialized in this type of transaction and only in accordance with the standard terms laid down by the ISDA Master Agreement. The maximum exposure of the Sub-Fund may not exceed 100% of its net assets in the case it is using the commitment approach. For Sub-Funds using the *Value-at-Risk* approach, the risk associated with the use of derivative instruments may not cause the Sub-Fund to exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section of each Sub-Fund using the Value-at-Risk approach in order to control the risk associated with the use of said instruments.

**Total return swaps (TRS) risk** The Sub-Fund may enter into TRS or other financial derivative transactions with similar characteristics. TRS are bilateral financial contracts whose purpose is to swap specific periodic payments over a certain period of time. The purpose of these transactions is set out in the Sub-Fund's Descriptions.

The Sub-Fund may enter into these contracts with any eligible financial institutions as selected in accordance with the order execution policy/ conflicts of interest policy details of which are available on our website.

In maintaining the Redex Share Classes, the SICAV may use any of the following derivatives and techniques:

- listed or OTC futures
- repurchase agreements
- securities lending.

Redex Share Classes carry specific risks as described in "Specific Risks" section.



# More about Efficient Portfolio Management

## GENERAL

The Management Company has appointed AXA Investment Managers GS Limited as the securities lending and repurchase agent pursuant to a delegation agreement dated 15 February 2013. Depending on the local licensing requirements of AXA Investment Managers GS Limited and/or the relevant Sub-Funds, it may, under its supervision, sub-delegate certain securities lending and repurchase agency services to AXA Investment Managers IF.

AXA Investment Managers GS, AXA Investment Managers IF and the Management Company are affiliates companies belonging to AXA IM group. In order to prevent any conflicts of interest and ensure Best Execution, AXA IM group has put in place a conflicts of interest policy and a Best Execution policy, details of which are available on [Our Policies | AXA IM Corporate \(axa-im.com\)](#), and which provides respectively that (i) conflict of interests are mitigated in maintaining appropriate analyses mechanisms, controls and in ensuring that securities lending and repurchase agent are kept separate from the Investment Manager teams and (ii) that best execution is ensured by considering the best price achievable under current market conditions (including but not limited to size, relative demand of the transaction, duration of the trade), the nature of the transaction (including whether or not such transactions are subject to any regulatory requirements, underlying portfolio characteristics and objectives, client characteristics, type of financial instrument to be traded) and cost effectiveness of any related operational setup (e.g. triparty agent) and settlement; availability of execution venues or counterparties.

## Instruments and Techniques

In conducting efficient portfolio management operations, the Sub-Funds may use securities financing transactions (SFTs) such as securities lending, securities borrowing, repurchase and reverse repurchase transactions, and (as noted above) may use any allowable derivatives (including without limitation listed and OTC derivatives such as total return swaps), provided that such transactions and instruments are specifically described in the Sub-Fund Descriptions and are used under the conditions set out in this section "More about Efficient Portfolio Management" and CSSF circulars. The assets subject to SFTs and total return swaps and collateral received are safe-kept with the Depository or, failing that, by any third-party depository (such as Euroclear Bank SA/NV) which is subject to a prudential supervision.

The Sub-Fund shall enter into any SFT or financial derivative instruments (including total return swaps) with counterparties subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and selected by the management company in accordance with its order execution policy available on its internet website. In this context, the management company will enter into any SFT or financial derivative instruments (including total return swaps) with credit institutions established under any legal form in an OECD member state having a long-term debt rated at least BBB- according to the ratings scale of Standard & Poor's (or deemed equivalent by the management company).

Under no circumstances shall efficient portfolio management operations cause a Sub-Fund to diverge from its investment objective nor shall they entail any substantial supplementary risk.

The use of SFTs may incur fixed or variable brokerage fees and transaction costs relative to such techniques that will be disclosed in the annual report.

## Revenues

Any revenues from efficient portfolio management techniques will be returned to the SICAV, minus direct and indirect operational costs.

- Direct operational cost is defined as the cost directly attributable to the implementation of efficient portfolio management techniques (e.g. agent lender staff cost, trading platform cost,

market data, collateral management and SWIFT messaging costs);

- Indirect cost is defined as the operational cost not directly attributable to the implementation of efficient portfolio management techniques (e.g. insurance fee, premises and facilities).

Repurchase and reverse repurchase: 100% of the gross revenue generated by the repurchase (if any) and the reverse repurchase activities will benefit to the SICAV.

Securities lending: Each Sub-Fund pays 35 % of the gross revenues generated from securities lending activities as costs / fees to AXA Investment Managers GS Limited in its capacity of lending agent and retain 65% of the gross revenues generated from securities lending activities. The direct and indirect operational cost fees directly linked to securities lending activities including related transaction costs are paid from the lending agent's portion of the gross income (35%). Such direct and indirect operational costs and fees shall not include hidden revenue.. AXA Investment Managers GS Limited is a related party to the Management Company and the Investment Manager of the Sub-Fund.

Additional information on costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the depository or the investment manager or the management company, if applicable, will be available in the annual report.

## Risks

Securities lending and repurchase transactions can carry risks, as described in "Risk Descriptions", notably (i) counterparty risk, ii) legal risk, iii) custody risk, iv) liquidity risk, (v) collateral management and, if relevant, vi) risks arising from the reuse of such collateral. In addition, when entering into securities lending and repurchase transactions the Sub-Fund may be exposed to settlement risk (i.e. the possibility that one or more parties to the transactions will fail to deliver the assets at agreed-upon time). Repurchase transactions also have risks similar to those of derivative transactions. The risks associated with derivatives are described in other risk languages to be found in many places throughout this prospectus.

## SECURITIES LENDING AND BORROWING

Unless further restricted by the investment policy of a specific Sub-Fund as described in the Sub-Fund Descriptions and provided that it complies with the following rules and the relevant CSSF circulars, each Sub-Fund may enter into securities lending and borrowing transactions governed by an agreement whereby a party transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as a securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred.

### Securities lending

All the securities lending transactions carried out on behalf of the SICAV will be on arm's length basis and that transactions will be limited to 90% of each Sub-Fund's NAV in any Valuation Day. Such limit could be reached when there is a high demand for the lendable assets available in the relevant Sub-Fund (e.g. change in the market volatility).

By entering into securities lending, the Sub-Fund seeks to enhance the return on a daily basis (the assets on loan will generate an incremental return for the Sub-Fund).

The expected percentage of net assets of securities lending is specified in the details of each Sub-Fund.



A Sub-Fund may only enter into securities lending transactions provided that (i) it is entitled at all times to request the return of the securities lent or to terminate any securities lending transactions and (ii) that these transactions do not jeopardize the management of the Sub-Fund's assets in accordance with its investment policy.

The risk exposure to a counterparty generated through a securities lending transaction or other efficient portfolio management techniques and OTC financial derivatives must be combined when calculating the limits referred to below under "Limits to Promote Diversification".

### Securities borrowing

The Sub-Fund may enter into any securities lending transaction with counterparties selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes, available credit spreads and analysis and/or external credit ratings.

The securities borrowed by the Sub-Fund may not be disposed of during the time they are held by the Sub-Fund, unless they are covered by sufficient financial instruments which enable the Sub-Fund to reconstitute the borrowed securities at the close of the transaction.

The Sub-Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period where the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time and (c) to avoid a failed settlement when the depositary fails to make delivery.

## REPURCHASE AGREEMENT TRANSACTIONS

### Repurchase/reverse repurchase agreement transactions (repos/reverse repos)

Unless further restricted by the investment policy of a specific Sub-Fund as described in the Sub-Fund Descriptions, a Sub-Fund may within the limit set out in the relevant CSSF circulars enter into repurchase agreement transactions which consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, with a clause reserving the counterparty or the Sub-Fund the right to repurchase or substitute securities or instruments of the same description, from respectively the Sub-Fund or the counterparty to a specified price on a future date specified, or to be specified, by the transferor.

Where a Sub-Fund uses repos/reverse repos, the expected and the maximum percentage of net assets of repo/reverse repos is specified in the details of each Sub-Fund. The maximum level may be attained when the portfolio manager, in the course of managing the Sub-Fund, needs to borrow cash (repo transaction) for example to cover margin call or when all remaining cash in the portfolio is temporarily lent out (reverse repo) to generate additional return and lower custody cost.

Such transactions are commonly referred to as temporary purchases and sales of securities (also known as SFTs).

These transactions shall be conducted in accordance with the limit set out in the relevant circulars issued by the CSSF. They shall be carried out as part of the achievement of the investment objective of the Sub-Fund, hedging, cash management and/or efficient portfolio management.

The Sub-Fund may enter into any repurchase agreement or reverse repurchase agreement with a counterparty selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes, available credit spreads and analysis and/or external credit ratings.

A Sub-Fund may only enter into a repurchase agreement and/or a reverse repurchase agreement provided that it shall be able at any time (i) to recall any securities subject to the repurchase agreement respectively the full amount of cash in case of reverse repurchase agreement or (ii) to terminate the agreement in accordance with the relevant CSSF circulars being understood that fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Sub-Fund.

Securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be compliant with the relevant CSSF circulars and the Sub-Fund's investment policy and

must together with the other securities that the Sub-Fund holds in its portfolio, globally respect the Sub-Fund's investment restrictions.

The risk exposure to a counterparty generated through those transactions or other efficient portfolio management techniques and OTC financial derivatives must be combined when calculating the limits referred to below "Limits to Promote Diversification".

See also the sub-section "Collateral Policies" below.

## TOTAL RETURN SWAPS

Unless further restricted by the investment policy of a specific Sub-Fund as described in the Sub-Fund Descriptions above, the SICAV may enter into total return swaps which are swap agreements in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. These instruments will be carried out as part of the achievement of the investment objective of the Sub-Fund, hedging, cash management and/or efficient portfolio management.

Each Sub-Fund may incur costs and fees in connection with total return swaps, upon entering into total return swaps and/or any increase or decrease of their notional amount. The SICAV may pay fees and costs, such as brokerage fees and transaction costs, to agents or other third parties for services rendered in connection with total return swaps. Recipients of such fees and costs may be affiliated with the SICAV, the management company or the investment manager, as may be applicable, as permitted by applicable laws. Fees may be calculated as a percentage of revenues earned by the SICAV through the use of such total return swaps. The overall revenues or losses generated by the total return swaps agreements will be for the benefit of the Sub-Fund only. Details on these revenues/losses, the fees and costs incurred by the use of such total return swaps as well as the identity of the recipients thereof are contained in the SICAV's annual report.

The expected range of the proportion of the Sub-Fund's NAV subject to these instruments and disclosed in the Sub-Fund Descriptions is expressed as the mark-to-market value of the total return swap divided by the relevant Sub-Fund's NAV.

## COLLATERAL POLICIES

As part of OTC financial derivative transactions and securities lending and repurchase agreement transactions, a Sub-Fund may receive collateral with a view to reduce its counterparty risk.

### Eligible collateral

#### General principles

Collateral received by a Sub-Fund may be used to reduce its counterparty risk exposure with a counterparty if it complies with the criteria listed in circulars issued by the CSSF from time to time in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.
- It should be valued on a daily basis on a mark-to-market price basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. Margin calls will be implemented in accordance with the terms negotiated in the collateral arrangements.
- It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- It should be sufficiently diversified in terms of country, markets and issuers and shall not entail on an aggregate basis an exposure to a given issuer for more than 20% of its NAV. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities or money market instruments issued or guaranteed by any of the member states, one or more of their local authorities, a third party sovereign country such as Canada, Japan, Norway, Switzerland and the United States of America, or any public

international body to which one or more member state(s) belong(s) such as the European Investment Bank, provided that it receives such securities from at least six different issues and that securities from any single issue should not account for more than 30% of such Sub-Fund's Net Asset Value. The collateral shall further comply with the limits in relation to "Limits to Prevent Concentration of Ownership" below.

- The financial guarantees received by the Sub-Fund will be kept by the depositary or, failing that, by any third party depositary (such as Euroclear Bank SA/NV) which is subject to a prudential supervision and that has no link with the guarantee provider.
- It should be capable of being fully enforced by the SICAV for the account of the Sub-Fund at any time without reference to or approval from the counterparty.

#### Eligible assets

As long as it complies with the above-mentioned conditions, the collateral may consist of (i) sovereign OECD bonds; and/or (ii) direct investment in bonds issued or guaranteed by first class issuers offering an adequate liquidity or shares listed or dealt on a regulated market of a member state of the EU or on a stock exchange of a member state of the OECD provided that they are included in a main index.

#### Level of collateral

The management company will determine the required level of collateral for OTC financial derivative transactions and stock lending and repurchase agreement transactions according to the nature and the characteristics of the executed transactions, the counterparties and the market conditions.

The management company may carry out OTC financial derivative transactions with a level of collateral lower than 100% subject to be compliant with the counterparty risk authorised by the applicable regulations. For certain types of transactions such as, but not limited to, foreign exchange forward, the level of collateral may be equal to zero.

As part of its lending transactions, the Sub-Fund must in principle receive previously or simultaneously to the transfer of the securities lent a guarantee the value of which must at the conclusion of and constantly during the contract be at least equal to 90% of the global valuation of the securities lent.

#### Reinvestment of collateral

The Sub-Fund will be able to reinvest the financial guarantees received in cash in accordance with the applicable regulation. The financial guarantees other than cash cannot be sold, reinvested or pledged. The counterparty will be able to reinvest the financial guarantee received from the Sub-Fund in accordance with any regulation applicable to the counterparty. In particular, reinvested cash collateral must comply with the diversification requirements set forth here above under the section "Eligible collateral" and may only be (i) placed or deposited with entities eligible for deposit, (ii) invested in high-quality government bonds, (iii) used for the purpose of reverse repurchase transactions entered into with credit institutions subject to prudential supervision or (iv) invested in short term money market funds.

#### Haircut policy

In accordance with its internal policy relating to the management of the collateral, the management company shall determine:

- the required level of collateral; and
- the level of haircut applicable to the assets received as collateral, taking into account in particular the type of assets, the credit standing of the issuers, the maturity, the currency, the liquidity and the price volatility of the assets.

Despite the creditworthiness of the issuer of the assets received as collateral or the assets acquired by the Sub-Fund on the basis of cash collateral re-invested, the Sub-Fund may be subject to a risk of loss in case of default of the issuers of such assets or in case of default of the counterparties to transactions in which such cash has been re-invested.

Haircuts typically applied:

- OTC derivatives and repurchase agreements transactions:

Collateral Instrument Type	Haircut
Cash	0%
Sovereign debt	0 to 20%

- Securities lending transactions:

Collateral Instrument Type	Haircut
Cash	0%
Equities	10%
Sovereign debt	2 to 5%

AXA IM's Global Risk Management will specifically authorise any other type of collateral instruments and applicable haircuts.

# General Investment Rules for UCITS

This section summarises the rules for all UCITS concerning the assets in which they may legally invest and the limits and restrictions that they must follow. For more complete information, see the Articles of Incorporation or the 2010 Law itself.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund as described in the relevant “Sub-Fund Descriptions” section, the investment policy of each Sub-Fund will comply with the rules described here.

The Board may impose additional investment guidelines for each Sub-Fund from time to time, for instance where it is necessary to comply with local laws and regulations in countries where Shares are distributed. In the case of any detected violation of the investment restrictions of the 2010 Law applicable at the level of a Sub-Fund, the Management Company/Investment Manager must make compliance with the relevant policies a priority in its securities trades and management decisions for the Sub-Fund, taking due account of the interests of Shareholders.

Except where noted, all percentages and restrictions apply to each Sub-Fund individually, and all asset percentages are measured as a percentage of total net assets of the specific Sub-Fund.

Each Sub-Fund and any sub-fund of target UCITS/UCI referred to below shall be considered as a separate UCITS/UCI provided that segregation of assets is ensured at the level of the Sub-Fund or the sub-fund of the target UCITS/UCI.

## Eligible Securities and Transactions

Each Sub-Fund’s usage of any security, derivative, technique or transaction must be consistent with its investment strategy and must comply with applicable Luxembourg laws and regulations. No Sub-Fund can acquire assets that come with unlimited liability attached. No Sub-Fund can underwrite securities of other issuers. No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund. No Sub-Fund may grant loans or guarantees in favor of a third party.

Sub-Funds may, within the limits set out in the 2010 Law, invest in other UCIs, including exchange traded funds provided that they are eligible securities in accordance with applicable Luxembourg laws and regulations. In particular, such UCIs shall be regulated and be compliant with article 2 (2) and article 41 (1) e) of the 2010 Law. In addition, Sub-Funds may take exposure to alternative assets through the investment in units or shares of special purpose acquisition companies, listed closed-ended funds, including REITs of any legal form, having exposure to commodities, infrastructure, private equity and hedge funds strategies and/or real estate assets, provided that such units or shares qualify as eligible transferable securities under applicable Luxembourg laws and regulations.

Sub-Funds may, where mentioned in the relevant appendix and in compliance with article 41 (1) of the 2010 Law, invest in money market instruments, money market funds and bank deposits. For equity Sub-Funds, such investments may be made for treasury purposes and/or in case of unfavourable market conditions. For other Sub-Funds, such investments may be made in order to achieve their investment goals and/or for treasury purposes and/or in case of unfavourable market conditions.

Security/Transaction	Requirements	
<b>1. Transferable securities and money market instruments</b>	<ul style="list-style-type: none"> <li>• Must be listed or traded on a regulated market as defined in the Council Directive 2004/39/EC dated 21 April 2004 on investment services in the securities field or on another regulated stock exchange that operates regularly and is recognized and open to the public, namely, a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching; transparency ; (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that State or by that public authority such as a professional association and (iv) on which the securities dealt in are accessible to the public.</li> <li>• Must be admitted to official listing on a stock exchange in an Other State or dealt in on another regulated stock exchange (as defined in the point above) in an Other State.</li> <li>• Recently issued securities must pledge to seek a listing on an official stock exchange or another regulated stock exchange satisfying to the conditions set out at left, and must receive it within 12 months of issue.</li> </ul>	
<b>2. Money market instruments that do not meet the requirements in row 1</b>	<ul style="list-style-type: none"> <li>• Must be subject (either at the instrument level or the issuer level) to investor protection and savings regulation.</li> <li>• Must be one of the following: <ul style="list-style-type: none"> <li>○ issued or guaranteed by the central bank of the EU or any sovereign power, any EU State's regional or local authority, or any international authority to which at least one EU State belongs</li> <li>○ issued by an issuer or undertaking whose securities qualify under row 1 above</li> <li>○ issued or guaranteed by any establishment that is subject to EU prudential supervision rules or to other prudential rules the CSSF considers to be at least as stringent</li> </ul> </li> <li>○ issued by an issuer that belongs to a category recognized by the CSSF, that offers an investor protection equivalent and that meets the following criteria: <ul style="list-style-type: none"> <li>– it has at least EUR 10 million in capital and reserves and publishes annual accounts consistent with fourth Directive 78/660/EEC</li> <li>– it is dedicated to financing a group of companies at least one of which is publicly listed</li> <li>– it is dedicated to financing securitization vehicles that benefit from a banking liquidity line</li> </ul> </li> </ul>	
<b>3. Transferable securities and money market instruments that do not meet the requirements in rows 1 and 2</b>	<ul style="list-style-type: none"> <li>• Limited to 10% of the Sub-Fund's assets</li> </ul>	
<b>4. Shares of UCITS or UCIs</b>	<ul style="list-style-type: none"> <li>• UCIs must meet the following cumulative criteria: <ul style="list-style-type: none"> <li>○ must be authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured</li> <li>○ the target UCITS/UCI is prohibited from investing more than 10% of its assets in another UCITS/UCI</li> <li>○ must issue yearly and half-yearly financial reports</li> <li>○ must offer investor protections that are equivalent to those of a UCITS</li> </ul> </li> <li>• The SICAV will pay fees of the target UCITS and/or UCI but the Sub-Fund will not invest in underlying UCIs which levy a subscription or a redemption fee higher than 1%. The Sub-Fund will not invest in underlying UCIs which are themselves submitted to a management fee exceeding 3%.</li> </ul>	
<b>5. Units of other Sub-Funds of the SICAV</b>	<ul style="list-style-type: none"> <li>• The target Sub-Fund cannot invest in the acquiring Sub-Fund (reciprocal ownership) and must limit investments in other target Sub-Funds to 10% of its net assets.</li> <li>• Voting rights of the relevant Shares are suspended for as long as those Shares are held by the acquiring Sub-Fund.</li> <li>• The value of the relevant target Sub-Fund's Shares do not count as assets of the acquiring Sub-Fund when determining whether the SICAV meets its minimum asset level.</li> </ul>	
<b>6. Derivatives and equivalent cash-settled instruments (exchange-traded or OTC)</b>	<ul style="list-style-type: none"> <li>• The underlying instruments must be the investments described in rows 1 - 5 and row 10, or must be financial indexes, interest rates, foreign exchange rates or currencies that are in scope for the Sub-Fund's investments.</li> <li>• Global derivatives exposure must not exceed 100% of the net assets of the relevant Sub-Fund in the case it is using the commitment approach. For Sub-Funds using the Value-at-Risk approach, the risk associated with the use of derivative instruments may not cause the Sub-Fund to exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section.</li> <li>• OTC derivatives (those that do not trade on an eligible market for transferable securities, as defined above) must have reliable and verifiable daily valuation and must be able to be sold, liquidated or closed by an offsetting transaction at any time at fair value at the SICAV's initiative.</li> <li>• Counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF.</li> <li>• Under no circumstances shall these operations cause the Sub-Funds to diverge from their investment objectives</li> <li>• See also the sub-section "Collateral Policies" above.</li> </ul>	
<b>7. Real estate</b>	<ul style="list-style-type: none"> <li>• Investment exposure is allowed only through investments described in rows 1 - 7.</li> </ul>	<ul style="list-style-type: none"> <li>• The SICAV may directly purchase real estate or other movable or immovable property only if it is directly necessary to its business.</li> </ul>
<b>8. Precious metals and commodities</b>	<ul style="list-style-type: none"> <li>• Investment exposure is allowed only through investments described in rows 1 - 7.</li> </ul>	<ul style="list-style-type: none"> <li>• Ownership, directly or through certificates, is prohibited.</li> </ul>
<b>9. Term deposits with credit institutions</b>	<ul style="list-style-type: none"> <li>• Must have the right to be withdrawn.</li> <li>• Must mature in 12 months or less.</li> <li>• Credit institutions either must be located in an EU State or be subject to prudential rules the CSSF considers being at least as stringent as European law.</li> </ul>	

- 10. Cash**
- Limited to deposits on sight.
  - Limited to 20% of the Sub-Fund's assets. Such restriction may exceptionally and temporarily be exceeded if the Board considers this to be in the best interest of the Shareholders.

<b>11. Securities borrowing and lending, sale with right of repurchase, repurchase agreement, reverse repurchase agreement</b>	<p>Securities lending and repurchase agreements:</p> <ul style="list-style-type: none"> <li>• up to 100% of Sub-Fund's net assets.</li> </ul> <p>Securities borrowing:</p> <ul style="list-style-type: none"> <li>• Borrowing transactions may not exceed 50 % of the global valuation of the securities portfolio of the Sub-Fund.</li> </ul>	<p>Reverse repurchase agreement transactions:</p> <ul style="list-style-type: none"> <li>• up to 100% of Sub-Fund's net assets.</li> </ul> <p>See the sub-section "More about Efficient Portfolio Management" and the sub-section "Collateral Policies".</p>
<b>12. Techniques and instruments for efficient portfolio management</b>	<ul style="list-style-type: none"> <li>• See the sub-section "Efficient Portfolio Management" above.</li> </ul>	
<b>13. Borrowing and foreign currency</b>	<ul style="list-style-type: none"> <li>• The SICAV may acquire foreign currency by means of back-to-back loans.</li> <li>• Other than this, the SICAV can borrow only on a temporary basis</li> </ul>	<p>The direct pursuit of its business. No Sub-Fund can borrow more than 10% of total assets for either of these purposes or more than 15% of total assets for both purposes combined. Collateral arrangements regarding the writing of options or the purchase or sale of forward or future contracts do not constitute borrowings.</p>
<b>14. Uncovered short sales</b>	<ul style="list-style-type: none"> <li>• Direct short sales are prohibited</li> </ul>	<ul style="list-style-type: none"> <li>• Short exposure is allowed only through derivatives described in row 6.</li> </ul>

### Feeder funds

The SICAV can create one or more Sub-Funds that qualify as a master fund or a feeder fund. The rules below apply to any Sub-Fund that is a feeder fund.

Security	Investment Requirements	Other Terms and Requirements
<b>Shares/Units of the master fund</b>	At least 85% of assets.	The master fund must be a UCITS or a Sub-Fund of such UCITS, which shall neither itself be a feeder fund nor hold units/shares of a feeder fund and has, among its shareholders, at least one feeder UCITS. The master fund cannot charge any fees for buying or redeeming shares/units.
<b>Derivatives, ancillary liquid assets and movable or immovable property only if it is directly necessary to the SICAV's business.</b>	Up to 15% of assets.	Derivatives must only be used for hedging. In measuring derivatives exposure, the feeder fund must combine its own direct exposure with either the actual or potential maximum global exposure of its holdings in the master UCITS.

### Limits to Prevent Concentration of Ownership

These limits are intended to prevent a Sub-Fund from the risks that could arise for the Sub-Fund and the issuer if the Sub-Fund were to own a significant percentage of a given security or issuer. For purposes of this table and the next, companies that share consolidated accounts in accordance with Directive 2013/34/UE or with recognized international rules are considered a single issuer.



Category of securities		Maximum ownership, as a % of the total value of the securities issue
Shares carrying voting rights	Less than would allow the Sub-Fund's significant management influence.	These limits can be disregarded at purchase if the amount of securities in issue are not calculable at that time.
Non-voting shares of any one issuer	10%	
Debt securities of any one issuer	10%	
Money market instruments of any one issuer	10%	
Shares/units of any one UCITS /UCI (per Article 2 (2) of the 2010 Law)	25%	These rules do not apply to: <ul style="list-style-type: none"> <li>• securities described in row A (next table)</li> <li>• shares of non-EU companies that represent the only way to indirectly invest in securities of issuers of the non-EU country</li> <li>• Shares created by local paying agents to enable investors in their country to invest in the Sub-Fund</li> </ul>

### Limits to Promote Diversification

To help ensure diversification, a Sub-Fund cannot invest more than a defined percentage of its net assets in one issuer or one category of securities. These rules of diversification do not apply during the first six months following a Sub-Fund's launch, although the principle of risk spreading remains. The ceilings set forth below may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio. If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the best interests of its Shareholders. The Board has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the SICAV are offered or sold. The limits in vertical brackets indicate the maximum total investment in any one issuer or body for all bracketed rows.

Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the limits below.

**Maximum investment, as a % of Sub-Fund's net assets:**

Category of securities	In any one issuer	Other
<b>A. Transferable securities and money market instruments issued or guaranteed by an EU State, a public local authority within the EU, an OECD (Organisation for Economic Cooperation and Development) or G20 (Group of Twenty) member state or Singapore or Hong Kong, an international body to which at least one EU member belongs, or any other non-EU member state recognized in this context by the CSSF</b>	35%	<ul style="list-style-type: none"> <li>• 100% in at least six issues provided that:                             <ul style="list-style-type: none"> <li>○ the issues are transferable securities or money market instruments being at least one of the categories listed in A</li> <li>○ the Sub-Fund invests no more than 30% in any one single issue</li> </ul> </li> <li>• 80% in total in such bonds if a Sub-Fund has invested more than 5% of its net assets in such bonds issued by a single issuer.</li> </ul>
<b>B. Bonds subject to special public supervision designed to protect bondholders* and issued before 8 July 2022 by a credit institution domiciled in the EU and bonds that fall under the definition of covered bonds in point (1) of Article 3 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU</b>	25%	
<b>C. Transferable securities and money market instruments other than those described in rows A and B</b>	10%**	<ul style="list-style-type: none"> <li>• 20% in all companies belonging to the same single issuer group.</li> <li>• 40% in those issuers or bodies in which a Sub-Fund has invested more than 5% of its net assets.</li> </ul>
<b>D. Credit institution deposits</b>	20%	
<b>E. OTC derivatives and efficient portfolio management techniques with a counterparty that is a credit institution as defined in row 9. Above</b>	10% exposure	
<b>F. OTC derivatives and efficient portfolio management techniques with any other counterparty</b>	5% exposure	<ul style="list-style-type: none"> <li>• If investing more than 10% in any UCITS or UCI:                             <ul style="list-style-type: none"> <li>○ there is an aggregate limit of 30% in all UCIs , and</li> <li>○ an aggregate limit of 100% in all UCITS</li> </ul> </li> <li>• Target sub-funds whose assets are segregated are each considered a separate UCITS or UCI.</li> <li>• Assets held by the UCITS or UCIs do not count for purposes of complying with rows A - F of this table.</li> <li>• For master-feeder exception, see table above.</li> </ul>
<b>G. Units of UCITS or UCIs as defined in rows 4 and 5 above</b>	20% in any one UCITS or UCI	

\* Bonds must invest the proceeds from their offerings to maintain full liability coverage during the entire life of the bond and to give priority to the obligations to bond investors in case of issuer bankruptcy.

\*\* The Sub-Funds for which the investment strategy is to replicate the composition of a certain stock or bond index may increase to 20%, so long as the index is a published, sufficiently diversified index that is adequate as a benchmark for its market and is recognized by the CSSF. This 20% increases to 35% (but for one issuer only) in exceptional circumstances, such as when the security is highly dominant in the regulated market in which it trades.

**Monitoring of the Global exposure**

The management company uses a risk-management process that enables it to monitor and measure the risk profile of each Sub-Fund. As part of the risk management process, the SICAV uses the commitment approach to monitor and measure the global exposure of each Sub-Fund unless otherwise provided for under the relevant "Sub-Fund Description". This approach measures the global exposure related to positions on financial derivative instruments and other efficient portfolio management techniques, which may not exceed the total net value of the portfolio of the relevant Sub-Fund.

When otherwise provided for under the relevant "Sub-Fund Descriptions", the SICAV uses the Value-at-Risk (VaR) approach which is the percentage of NAV that a portfolio may lose on a given time horizon, at a given confidence level. The VaR used by the investment manager will have a five Business Days horizon and 95% confidence level parameters; where the VaR is complemented with the monitoring of the leverage, based on the sum of the notional approach which is defined as the sum of the absolute value of the notional of all financial derivatives in the Sub-Fund.

# Investing in the Sub-Funds

## SHARE CLASSES

### Available Share Classes

The table below describes all of the Share Classes currently in existence within the SICAV. All variants of a particular Share Class, such as the hedged, different distribution frequencies, capitalisation vs distribution or Redex versions, are considered to be included in that Share Class for purposes of the table. The currency of the minimums is the Reference Currency of the Sub-Fund except otherwise set out below. For Share Classes denominated in a different currency than the one in which minimums are indicated, the minimum amount is the equivalent value in the Share Class currency unless indicated otherwise in "Sub-Fund Descriptions". For all the share classes using a performance fee the acronym "pf" will accompany the denomination of the relevant share class in its KIID/KID.

Not all Share Classes are available in all Sub-Funds, and some Share Classes and Sub-Funds that are available in certain jurisdictions or through certain distribution channels may not be available in others. The "Sub-Fund Descriptions" section shows which Share Classes are available for each Sub-Fund and provides information about costs and other characteristics. All information in this Prospectus about Share Class availability is as of the Prospectus date. For the most current information on available Share Classes, go to [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](#) or request a list free of charge from the management company.

### Dividend Policy

Capitalisation Shares do not declare any dividends and accordingly the income attributable to these Shares will be accumulated in their respective NAV.

Distributing Shares declare dividends at the discretion of the Board. Dividends may be paid out of the investment income and/or realised capital gains, or out of any other funds available for distribution. Dividends are paid annually and where relevant subject to Shareholders general meeting approval. Distribution monthly "m" or Distribution quarterly "q" or Distribution semi-annually "s" Shares declare dividends on a monthly, quarterly or semi-annual basis respectively. Additional interim dividends may also be declared at the discretion of the Directors and as permitted by Luxembourg law.

Whilst it is intended that Distributing Share Classes will declare and distribute dividends, investors should be aware that there may be circumstances when the level of the dividends declared is reduced or even when no distribution is made at all. They may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion" Risk under "General Risks" in "Risk Descriptions". All potential investors are encouraged to seek tax advice before investing in Distributing Shares.

The Distributing Shares types are mentioned in the "Distributing Shares" table below.

Dividends are paid in cash or reinvested in Shares of the same Sub-Fund and Share Class. Investors will receive a statement note detailing all cash payment or reinvestments in their account. Investors should be aware that certain intermediaries, such as Euroclear or Clearstream, do not support dividend reinvestment and will therefore receive their dividends in cash.

If investors do receive dividends in cash, they can have them converted to a different currency, at their own expense and risk and subject to approval by the Management Company. Normal banking rates are used for calculating currency exchange values. Unclaimed dividend payments will be returned to the SICAV after five years. Dividends are paid only on Shares owned as at the record date.

No Sub-Fund will make a dividend payment if the assets of the SICAV are below the minimum capital requirement, or if paying the dividend would cause that situation to occur.

The Management Company may apply an equalization accounting technique to ensure that the level of income attributable to each Share is not affected by the issue, conversion or redemption of those Shares during the distribution period. Investors should seek professional

advice on the possible tax consequences of subscribing, redeeming or converting Shares, or the effects of any equalization policy relevant in respect of Shares.

Share class Identifier	Dividend Basis	Description and Objective
Distribution	Net Income	Aims to pay all income generated during the period after deduction of expenses from the NAV of the relevant Share.
Distribution "gr"	Gross Income	Aims to pay all income generated during the period before deduction of expenses from the NAV of the relevant Share.
Distribution "ird"	Determined on the basis of gross income and interest rate differential of Currency Hedged Share Classes	Aims to pay an amount or rate (pro-rated according to the relevant distribution frequency) over the fiscal year determined on the basis of gross income and positive interest rate differential.
Distribution "fl"	Determined on the basis of a fixed amount or rate per annum	Aims to pay a fixed amount or rate (pro-rated according to the relevant distribution frequency) over the fiscal year regardless of the actual level of income generated during the period of the relevant Sub-fund.
Distribution "st"	Determined on the basis of gross income	Aims to pay a stable amount or rate (pro-rated according to the relevant distribution frequency) over the fiscal year without sustained excessive capital erosion.

Dividend Policy Exceptions: Share Classes dedicated only to certain investors may operate a different distribution policy than those described above.

### Currency Hedged Share Classes

Any Sub-Fund can issue any Share Class in currency hedged form, meaning that the hedged version of the Share Class is denominated in a currency that is different from the Sub-Fund's Reference Currency, and is hedged to that currency (with the exception of BR Share Classes that offer currency exposure to the BRL). The currency risk between the Sub-Fund's NAV and the currency of the hedged Share Class will be hedged at least at 95%. Hedged Share Classes are designated with a "Hedged".

All costs specifically associated with offering each hedged Share Class (such as currency hedging and foreign exchange costs) will be charged to that Share Class.

If investors invest in a hedged Share Class, they could experience losses from currency exchange fluctuations to the extent that the Share Class' hedging is incomplete, and they will give up any potential gains from currency exchange fluctuations to the extent that hedging is effective.

BR Share Classes: Due to currency controls in Brazil, the access to the BRL is restricted and therefore BR Share Classes will adopt a different hedging model to the standard model outlined above.

BR Share Classes are designed to offer a currency hedging solution to the investors domiciled in Brazil. BR Share Classes will be denominated in the Reference Currency of the relevant Sub-Fund and will systematically expose the NAV of the Share Class to BRL through financial derivative instruments including FX forwards. The NAV of the BR Share Classes will fluctuate in line with changes in the exchange rate between the BRL and the Sub-Fund's Reference Currency and

performance may therefore differ significantly from that of other Share Classes in the same Sub-Fund.

### Other Share Class Policies

Each whole Share gets one vote in all matters brought before a general meeting of Shareholders. A Sub-Fund may issue fractional Shares of as little as one thousandth of a Share (three decimal places). Fractional Shares do not have voting rights but do receive their pro rata portion of any dividends, reinvestments and liquidation proceeds.

Shares are issued in registered form (meaning that their ownership is recorded in the SICAV's register of Shareholders).

Shares carry no preferential or preemptive rights.

The Board reserves the right to list any Shares on the Luxembourg Stock Exchange or any other stock exchange. Information on whether a class of Shares is listed on the Luxembourg or other stock exchange can be obtained from the administrative agent or on the website of the relevant Stock Exchange.

The SICAV reserves the authority to re-allocate the assets and liabilities of that class to those of one or several other classes within the Company and to re-designate the shares of the class(es) concerned as shares of such other share class(es) (following a split or consolidation, if necessary, and the payment to Shareholders of the amount corresponding to any fractional entitlement) if, for any reason, the value of the net assets of any Share Class within a Sub-Fund has decreased to, or has not reached, an amount determined by the Board to be the minimum level for such Share Class, to be operated in an economically efficient manner or as a matter of economic rationalisation. Such decision will be subject to the right of the relevant Shareholders to request, without any charge, the redemption of their Shares or, where possible, the conversion of those Shares into Shares of other Share Classes within the same Sub-Fund or into Shares of same or other Share Classes within another Sub-Fund. The Shareholders of the class of shares concerned will be informed of the reorganisation by way of a notice and/or in any other way as required or permitted by applicable laws and regulations.

Notwithstanding the powers conferred on the Board by the preceding paragraph, the shareholders may decide on such reorganisation by resolution taken by the general meeting of shareholders of the share class concerned. The convening notice to the general meeting of shareholders will indicate the reasons for and the process of the reorganisation. Such general meeting will decide by resolution taken with no quorum and adopted by a simple majority of the votes validly cast at the meeting.

### Seed Money

Shares of a Sub-Fund may be held (i) by a French fund in which AXA Investment Managers is a majority Shareholder (hereinafter the "AXA IM Fund") and/or (ii) by companies which are part of the AXA Group and/or (iii) by investment funds which are managed by investment management companies in which AXA IM group directly or indirectly holds a shareholding ("AXA IM Group Managed Funds") for the purposes of building a track record or a specific marketing action on the Sub-Fund.

AXA IM Fund and/or companies of the AXA Group and/or AXA IM Group Managed Funds may, at any time, choose to redeem their Shares in the Sub-Fund which may result in a material decrease in the total assets of the Sub-Fund and/or a restructuring of the Sub-Fund including but not limited to restructuring causing the winding up of the Sub-Fund or its merger with another Sub-Fund. Specific rules have been established by the management company with a view to preserve an equal treatment between the Shareholders of the Sub-Fund and will be applied in such case.

The foregoing does not prevent Shares of a Sub-Fund from being held by other investors including external seed investors.

### Subscription, conversion and redemption of Shares via financial intermediaries / other electronic means / use of nominee services

Investors may incur fees as a result of investing through their financial intermediaries, such as, but not limited to, platforms, or by other

electronic means or for the use of nominee services. Such fees are not fees payable to the management company in respect of a subscription, conversion or redemption of Shares.

The attention of ultimate investors is drawn to the fact that their rights may be affected (e.g. they may not be fully indemnified) in case of compensation payments resulting from material NAV calculation errors, breaches of investment restrictions or other errors having a financial impact when they are invested indirectly in the SICAV through financial intermediaries subscribing on behalf of underlying third parties in the SICAV's register of Shareholders.

### Minimum Subscriptions

Amounts expressed in the Reference Currency of the Sub-Fund or the equivalent in the currency of the Share Class unless otherwise mentioned in the "Minimum Subscription Exceptions – Currency" table below. However, in particular cases and at its own discretion, the Board reserves the right to reduce or waive any stated minimum investments for any Share Class of any Sub-Fund. The Board also reserves the right to close a RedEx Share Class of any Sub-Fund if the value of this RedEx Share Class falls below EUR 5 million or the

equivalent value in another currency and the Board believes this Share Class will not be able to properly achieve its investment objective.

Class	Designed For	Minimum Initial Investment	Notes
<b>A (including A Redex**)</b>	All investors	None	
<b>AX</b>	AXA Group	None	
<b>BE</b>	Only available through distributors based in Italy that entered into specific distribution arrangements with the Management Company subject to a Contingent Deferred Sales Charge ("CDSC").	None	Shares of the "BE" Share Classes will automatically be converted into Shares of a "A" Share-Class of the same Sub-Fund, with equivalent features in terms of capitalization/distribution policy and hedging, after three years at no cost.
<b>BL</b>	All investors. Only available through distributors that entered into specific distribution arrangements with the Management Company subject to a Contingent Deferred Sales Charge ("CDSC").	None	Share Classes will automatically be converted on the 15 <sup>th</sup> day of the month (or, if it is not a Business Day, on the next dealing day) into Shares of a "A" Share-Class of the same Sub-Fund, with equivalent features in terms of capitalization/distribution policy – unless otherwise mentioned in the relevant Sub-Fund's appendix - and hedging, after three years at no cost. Redemptions of BL Shares shall be requested in number of Shares (including fractional shares) only.
<b>BR</b>	Only offered to funds domiciled in Brazil	5 million	
<b>BX</b>	Only offered through financial intermediaries based in Belgium and Luxembourg	None	
<b>E (including E Redex**)</b>	All investors	None	Conversion into another Share Class requires SICAV's approval.
<b>F*** (including F Redex**)</b>	Only offered: (i) through financial intermediaries which according to either regulatory requirements (e.g. in the European Union, financial intermediaries providing discretionary portfolio management or investment advice on an independent basis) or separate fee arrangements with their clients, are not allowed to keep trail commissions, and/ or (ii) to Institutional investors investing on their own behalf.	None	



Class	Designed For	Minimum Initial Investment	Notes
<b>G</b>	All investors. Only available (i) through certain distributors who have separate fee arrangements with their clients and (ii) to other investors at the management company's discretion.	1 million	The Share Class will be closed to subscriptions the day after the threshold of 100 million EUR or equivalent* in all the G Share Class currencies is reached or exceeded at the Sub-Fund's level. The SICAV also reserves the right to close subscriptions before the threshold of 100 million* in all the G Share Class currencies is reached at the Sub-Fund's level. * By exception, the threshold in all the G Share Class currencies of: (i) AXA World Funds – US Enhanced High Yield Bonds and AXA World Funds ACT Factors – Climate Equity Fund is set at 150 million; (ii) AXA World Funds – ACT US High Yield Bonds Low Carbon, AXA World Funds –Evolving Trends, AXA World Funds – ACT US Corporate Bonds Low Carbon, AXA World Funds - ACT European High Yield Bonds Low Carbon, AXA World Funds - ACT Dynamic Green Bonds, AXA World Funds –Inflation Plus, AXA World Funds – ACT Biodiversity, AWF – ACT Clean Economy, AXA World Funds – ACT Emerging Markets Bonds and AXA World Funds – AXA SPDB China A Opportunities is set at 300 million, (iii) AXA World Funds – AI & Metaverse is set at 450 million.
<b>I (including I Redex**)</b>	Only offered to Institutional investors investing directly or indirectly on their own behalf and/or financial intermediaries providing discretionary portfolio management service	5 million except Share Classes listed in the "Minimum Subscription Exceptions – Amount" table below	If the minimum initial investment is not reached within 1 year, I Shares might be converted into F Shares at the Board's discretion.
<b>L</b>	Only offered through financial intermediaries in the United Kingdom which according to either regulatory requirements or separate fee arrangements with their clients, are not allowed to keep trail commissions	30 million	

Class	Designed For	Minimum Initial Investment	Notes
<b>M</b>	Only subscribed with the prior approval of the Board and (i) held by AXA Investment Managers or its subsidiaries for use in institutional mandates or investment management agreements for a dedicated fund contracted with the AXA Group or (ii) held by Institutional investors investing directly or indirectly on their own behalf and/or to financial intermediaries providing discretionary portfolio management service	10 million	Investment minimums are waived for the AXA IM group. For others investors, investment minimums can be waived or modified at the Board's discretion. This class is subject to custom-made management fees agreements or remuneration agreements.
<b>N</b>	Offered only to distributors based in the Americas (South and North America regions, including the United States)	None	
<b>SP</b>	Only offered to the employees savings funds managed by the AXA Group	None	
<b>T</b>	Distributors and investors in Taiwan	None	
<b>U</b>	Offered only to distributors based in the Americas (South and North America regions, including the United States)	None	
<b>UA</b>	Offered only through larger financial intermediaries belonging to a financial group with a predominance of its business in the US and which are expressly prior authorized by the Management Company	None	
<b>UF</b>	Offered only through larger financial intermediaries belonging to a financial group with a predominance of its business in the US and which (i) are expressly prior authorized by the Management Company and (ii) according to either regulatory requirements or separate fee arrangements with their clients, are not allowed to keep trail commissions	30 million	

Class	Designed For	Minimum Initial Investment	Notes
<b>UI</b>	Only offered to larger institutional investors investing directly or indirectly on their own behalf and/or as part of providing discretionary portfolio management services, where such investor belongs to a financial group with a predominance of its business in the US and which are expressly prior authorized by the Management Company	30 million	
<b>X</b>	Only offered to larger Institutional investors investing directly or indirectly on their own behalf and/or financial intermediaries providing discretionary portfolio management service and with a high amount of minimum initial subscription	300 million	
<b>ZD</b>	Only offered through digital platforms which are large startups providing financial services to their clients via a mobile application and which are expressly authorized by the Management Company	250.000	
<b>ZF</b>	Only offered through larger financial intermediaries which (i) are expressly prior authorized by the Management Company and (ii) according to either regulatory requirements (e.g. in the European Union, financial intermediaries providing discretionary portfolio management or investment advice on an independent basis) or separate fee arrangements with their clients, are not allowed to keep trail commissions	250,000	
<b>ZI</b>	Only offered to larger Institutional investors investing directly or indirectly on their own behalf and/or financial intermediaries providing discretionary portfolio management service	30 million except Share Classes listed in the "Minimum Subscription Exceptions – Amount" table below	

Minimum Subscription Exceptions – Amount

Amounts expressed in the Reference Currency of the Sub-Fund or the equivalent in the currency of the Share Class unless otherwise mentioned in the “Subscriptions Exceptions – Currency” table below.

Class	Sub-Funds	Minimum Initial Investment
I	Euro Short Duration Bonds, Euro Strategic Bonds, Euro 7-10, Euro Long Duration Bonds, Euro Inflation Bonds, Global Inflation Bonds and Global Inflation Bonds Redex	100,000
ZI	Euro Government Bonds	100 million
ZI	ACT Green Bonds	50 million

## BUYING, SWITCHING, REDEEMING AND TRANSFERRING SHARES

### Information that Applies to All Transactions Except Transfers of Shares

Investors can place requests to buy, switch or redeem Shares on any Business Day through a financial adviser or financial intermediary qualified to act in that capacity. Investors can also place requests directly with the registrar agent (or with their country's agent, if one is identified in "Country-Specific Information"), by FTP, SWIFT, fax or post. Instructions to buy, switch or redeem Shares may also be posted through BNP Paribas Securities Services, 60, avenue J.F. Kennedy, L-1855, Luxembourg, provided that investors, agreed by the management company at its own discretion as eligible to the "One" platform, have completed an Application Form with BNP Paribas Securities Services Luxembourg.

Different procedures and time limits may apply if applications for Shares are made through a financial adviser or a financial intermediary. In such instances, investors should obtain from such financial adviser or financial intermediary information about the procedure relevant to their application together with any time limit by which the order must be received. Investors should note that subscription, redemption or conversion of Shares through a financial advisor or financial intermediary may not be possible on days that such financial advisor and financial intermediary are not open for business.

Subscriptions, redemptions and conversions are dealt with at an unknown NAV. Any request received in good order is deemed irrevocable after the Sub-Funds cut-off.

Each request will be processed at the next NAV to be calculated after the request has been accepted (meaning that the request has arrived at the registrar agent and is considered complete and authentic). Orders received and accepted by the registrar agent by 15:00 Luxembourg time on a Business Day will be traded at the Dealing Price applicable to such Valuation Day (Forward Pricing Basis) or the following Valuation Day thereafter (Forward-Forward Pricing Basis) or the second following Valuation Day thereafter (Triple Forward Pricing Basis) as indicated in "Sub-Fund Descriptions". All requests received by the registrar agent after 15:00 Luxembourg time shall be deemed to have been received on the following Business Day. The registrar agent processes all requests in the sequence in which they are received. A confirmation notice will be sent to Shareholders or their financial advisers in the form of a contract note after completion of each transaction.

If a request to buy, switch or redeem is placed a day which is not a Valuation Day, the request will be dealt with on the next day which is a Valuation Day.

Investors must deliver full payment for Shares within three (3) Business Days after the Valuation Day or they may be charged interest.

Investors who seek an in-kind purchase or redemption of Shares must obtain Board approval and such transaction is subject to all applicable laws, namely with respect to a special audit report prepared by the auditor of the SICAV, confirming the value of the assets in kind and their compliance with the investment policy and restrictions of the SICAV and the relevant Sub-Fund. Any costs incurred in connection with a redemption in kind of securities shall be borne by the relevant investor.

When placing any request, investors must include all necessary information and instructions as to the Sub-Fund, Share Class, account, and size and direction of transaction (buying, redeeming or switching). Investors must promptly inform the SICAV of any changes in personal or bank information.

Any transaction may involve fees, such as an entry charge or certain other fees. See "Sub-Fund Descriptions" for more information or ask a financial adviser. Investors are responsible for all costs and taxes associated with each request placed on their account.

In the event that the order has been made in a currency other than the Reference Currency of the relevant Sub-Fund and/or Share Class, the registrar agent will perform the necessary foreign exchange transactions. Investors should be aware that the amount of currency

involved and the time of day at which such foreign exchange is transacted will affect the rate of exchange. No liability shall be accepted by the depositary, registrar agent or the SICAV for any losses arising from adverse currency fluctuations. Foreign exchange transactions for Sub-Funds may be carried out by a company within AXA.

The SICAV will not issue (or effect any switching into) Shares Classes restricted to Institutional Investors to any investor who may not be considered as an Institutional Investor. The Board may, at its discretion, delay the acceptance of any subscription for Share Classes restricted to Institutional Investors until such date as the registrar agent has received sufficient evidence on the qualification of the relevant investor as an Institutional Investor. If it appears at any time that a holder of Share Classes restricted to Institutional Investors is not an Institutional Investor, the Board will instruct the registrar agent to propose that the said holder convert its Shares into Shares of a Share Class within the relevant Sub-Fund which is not restricted to Institutional Investors (provided that there exists such a Share Class with similar characteristics). In the event that the Shareholder refuses such switching, the Board will, at its discretion, instruct the registrar agent to redeem the relevant Shares in accordance with the provisions under this section.

The SICAV reserves the right to do any of the following at any time:

- **Reject any request to buy, redeem or switch Shares as well as forcibly switch or redeem Shares of which an ineligible or unqualified investor is a beneficial owner** (whether sole or partial). This applies if the SICAV knows or believes any of the following to be true:
  - the investor is a US Person or a Restricted Person in the terms provided within the Articles of Incorporation (including, but not limited to, Canadian Prohibited Investors);
  - the investor has failed to make the representations and warranties required by the Board;
  - the investor has failed to supply any information or declarations required by the Board with respect to corruption, anti-money laundering and terrorism financial matters;
  - the investor has made certain prohibited practices such as market timing and late trading;
  - the investor has failed to remain true to representations and warranties that were made.
- **In any case where it appears that, a non-institutional investor has come to hold Shares designated for institutional investors**, the SICAV will either forcibly redeem the Shares or switch them for retail Shares of the same Sub-Fund (which Shares may have higher fees and expenses) depending on whether a retail Share Class is available or not.

US Persons, Benefit Plan Investors and Canadian Prohibited Investors

In order to invest in the SICAV, any prospective investor must certify that, except as otherwise authorised by the Board, (i) it is not a US Person, (ii) it is a Non-US Person, (iii) it is not a Canadian Prohibited Investor, and (iv) it is not subscribing for Shares on behalf of US Persons or Canadian Prohibited Investors. In order to invest in the SICAV, any prospective investor must also certify that it is not subject to Title 1 of ERISA or the prohibited transactions provisions of Section 4975 of the US Internal Revenue Code, and does not qualify as a Benefit Plan Investor.

Shareholders are required to notify the SICAV through the distributors, immediately in the event that they become US Persons, Benefit Plan Investors (or become subject to Title 1 of ERISA) or Canadian Prohibited Investors, or they cease to be a Non-US Person, or they hold Shares on behalf of US Persons, Benefit Plan Investors or Canadian Prohibited Investors and their Shares may be compulsorily redeemed by the SICAV, or they may otherwise be required by the SICAV to dispose of their Shares in the manner outlined below.

In addition, the Board may authorise the purchase by or transfer of Shares to a US Person resident outside the US if the US Person



declares that they are making their application for the beneficial account of a person who is not a US Person. The Board may also authorise the purchase by or transfer of Shares to a Canadian investor resident outside Canada if it declares that it is making its application for the beneficial account of a person who is not a Canadian Prohibited Investor.

Each prospective investor (incl. a prospective transferee) who is a US Person or a Canadian Prohibited Investor will be required to provide such representations, warranties or documentation, including opinion of counsel, as may be required by the SICAV to ensure that such requirements are met prior to approval of such sale or transfer by the SICAV. The Board shall determine from time to time the number of US Persons or Canadian Prohibited Investors (if any) who may be admitted into the SICAV.

### Buying Shares

To make an initial investment, investors or their intermediary must submit a completed Application Form in writing to the registrar agent. Orders to buy Shares may be indicated in a currency amount or a Share amount.

The allotment of Shares is conditional upon receipt by the depository of monies on the Settlement Day. Settlement may be made by electronic funds transfer or by Euroclear or Clearstream.

At the Shareholder's request, the SICAV may accept subscription in kind, having due regard to all applicable laws and regulations, all Shareholders' interest and each relevant Sub-Fund's appendix. In such case of subscription in kind, the auditor of the SICAV shall deliver, if applicable, an audit report in accordance with applicable laws. Any costs incurred in connection with a subscription in kind of securities shall be borne by the relevant shareholder.

### Contingent Deferred Sales Charges (CDSC)

On BL and BE Shares, a deferred sales charge is levied on Shares that are redeemed within a certain amount of time after purchase. The rate for the BL and BE Shares is calculated based on the length of the investment, as follows: 3% if redeemed within the first year of purchase, 2% if redeemed within the second year and 1% if redeemed within the third year, without any pro-rata within the year. No CDSC will apply after the end of the third year of investment.

Shareholders should note that for the purpose of determining the number of years BL and BE Shares have been held:

- (a) the anniversary of the date of subscription shall be used.
- (b) the BL/BE Shares held the longest period are redeemed first.
- (c) the BL/BE Shares which a Shareholder receives upon a conversion from a BL/BE Share from another Sub-Fund carry the holding period(s) which corresponds to the holding period(s) of the BL/BE Shares which were converted.
- (d) when a Shareholder converts BL/BE Shares which have been subscribed at different times to BL/BE Shares of another Sub-Fund, the Registrar and Transfer Agent will convert the BL/BE Shares held for the longest period.

Shares acquired by reinvestment of dividends or distributions will be subject to the same characteristics as shares eligible for such dividends or distributions. Shares acquired by reinvestment of dividends or distributions will be exempt from the deferred sales charge.

The amount of any deferred sales charge is based on the purchase price of the Shares being redeemed, as following:  $CDSC = Redeemed\ Shares * Subscription\ Price * Payable\ \%$  depending on the length of investment.

In case of merger or of any material amendment requiring a one month notice period allowing shareholders to request the redemption of their shares free of charge, the CDSC will apply only if the investors decide to opt for a redemption while he/she/it has been provided with an option to stay in the existing sub-fund or to switch to another sub-fund having similar characteristics. In case of liquidation of the concerned sub-funds, no CDSC will apply if the investors stay until the liquidation date (the CDSC will apply in case of redemption prior to the liquidation date).

In determining whether a deferred sales charge is payable on any redemption, the Sub-Fund will first redeem Shares not subject to any deferred sales charge, and then Shares held longest during the

deferred sales charge period. Any deferred sales charge due will be retained by the Management Company, which is entitled to such deferred sales charge.

### Switching Shares

Investors can switch (convert) Shares of any Sub-Fund and Share Class into Shares of any other Sub-Fund and Share Class, with the following conditions:

- investors must meet all eligibility requirements for the Share Class into which they are requesting to switch
- their switch must meet the minimum investment amount of the Sub-Fund and Share Class being switched into, and if it is a partial switch, must not leave less than the minimum investment amount in the Sub-Fund and Share Class being switched out of
- the switch must be consistent with any restrictions stated in "Sub-Fund Descriptions" or in the table above
- the switch of Shares of a Sub-Fund calculating its NAV on a weekly basis into Shares of another Sub-Fund calculating its NAV on a weekly basis is not authorised.
- a switch from a BL share class may only be made to a BL share class of another Sub-Fund.
- a switch from a BE share class may only be made to a BE share class of another Sub-Fund.

The SICAV switches Shares on a value-for-value basis, based on the NAVs of the two investments (and, if applicable, any currency exchange rates) at the time the SICAV processes the request.

There is no fee for switching in itself, although there are fees for excessive switching, and investors may need to pay the difference in any fees for buying Shares. See "Notes on Sub-Fund's Costs".

Any request for a conversion of Shares of any Sub-Fund into Shares of another Sub-Fund received by the registrar agent prior to 3 pm on any Valuation Day (D) will be traded as follows:

- the redemption of the Shares to be converted will be traded on that Valuation Day (D); and
- the corresponding subscription of Shares in the other Sub-Fund will be traded on the Valuation Day of such other Sub-Fund immediately following the Valuation Day (D+1) on which the redemption has been traded.

Any outstanding credit cash balance due to the Shareholder in question arising from one or more 'conversion' transactions will be forwarded to Euroclear or Clearstream for the account of the relevant Shareholder.

In some jurisdictions a conversion of Shares of one Share Class or Sub-Fund for Shares of another Share Class or Sub-Fund may be considered as a disposal of Shares of the original Share Class or Sub-Fund for the purposes of taxation.

### Redeeming Shares

When redeeming Shares, investors can indicate either a number of Shares (including fractional Shares) or a currency amount. All requests will be dealt with in the order in which they are received.

When investors redeem Shares, the SICAV will send out payment by bank transfer in the Reference Currency of the Share Class. Payment will be sent within three (3) Business Days after the Valuation Day.

At their request, and at their own risk and expense, investors can have their redemption payments converted to a different currency. To arrange for such conversions, contact the registrar agent for terms and fees prior to placing a redemption request.

Depending on Sub-Fund's performance and the effect of applicable fees, when investors redeem Shares, they could be worth less than the amount they invested.

At the Shareholder's request, the SICAV may elect to pay redemption proceeds in kind, having due regard to all applicable laws and regulations and to all Shareholders' interest. In such case of payment in kind, the auditor of the SICAV shall deliver, if applicable, an audit report in accordance with applicable laws. Any costs incurred in connection with a redemption in kind of securities shall be borne by the relevant Shareholder.

Each Sub-Fund shall not be bound to redeem, on any Business Day, more than 10% of its issued number of Shares. In case of deferral of

redemptions, the relevant Shares shall be redeemed at the Dealing Price per Share prevailing at the date on which the redemption is affected. Excess redemptions will be deferred to the next Valuation Day when they shall be dealt with as a priority.

### Transferring Shares

Investors may transfer ownership of their Shares to another investor through the registrar agent. Investors are reminded that any transfer of Shares held in Euroclear or Clearstream must be notified immediately to the registrar agent.

All transfers must meet any eligibility requirements and holding restrictions that may apply.

## HOW NAV IS CALCULATED

### Timing and Formula

The NAV of each Sub-Fund and Share Class is calculated each day that is a Valuation Day for that Sub-Fund (as described in "Sub-Fund Descriptions"). If the Valuation Day indicated in said "Sub-Fund Descriptions" is not a Business Day, the NAV calculation shall take place on the next Business Day. In such event, the NAV shall be calculated on the basis of the closing prices of the day preceding the concerned closed Business Day or the last available closing prices on this same day. Each NAV is stated in the Reference Currency of the respective Share Class, and is calculated to two decimal places.

The following formula is used to calculate the NAV for each Sub-Fund:

$$\frac{(\text{assets} - \text{liabilities})}{\text{number of outstanding Shares}} = \text{NAV}$$

The assets and liabilities of a Sub-Fund are allocated to the individual Share Classes, and the calculation is carried out by dividing the total net assets of the Sub-Fund by the total number of Shares outstanding for the relevant Sub-Fund or Share Class. If a Sub-Fund has more than one Share Class, that portion of the total net assets of the Sub-Fund attributable to the particular Share Class will be divided by the total number of issued Shares of that Share Class.

After consultation with the Depositary and having regard to the best interest of Shareholders, the SICAV reserves the right to temporarily suspend the calculation of NAVs and transactions in a Sub-Fund's Shares when any of the following is true:

- the principal exchanges or regulated markets that supply the prices of a material portion of the assets of a Sub-Fund's investments are closed when they would normally be open, or their trading is restricted or suspended or the information or calculation sources normally used to determine a material portion of the NAV are unavailable or for any other reason, the prices or values of a material portion of the assets of a Sub-Fund cannot be accurately or promptly ascertained
- a master fund in which the Sub-Fund has invested material assets in quality of feeder fund has suspended its NAV calculations or share transactions or the underlying funds in which the Sub-Fund is invested have suspended their NAV calculations or share transactions
- a legal, political, economic, military or monetary environment or an event of force majeure has made impractical to value or trade Sub-Fund's assets
- there has been a breakdown or malfunction in the communications systems or IT media used by the SICAV, or by any securities exchange, in valuing assets
- the SICAV is unable to repatriate sufficient funds to make portfolio investments, transfer the capital or execute transactions at normal rates of exchange and conditions for such transactions or repatriation
- during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction
- during any period when the dealing of the shares of the SICAV or Sub-Fund or class of shares on any relevant stock exchange where such shares are listed is suspended or restricted or closed

- the SICAV is unable to deal with the SICAV's or Sub-Funds' assets at normal and/or fair conditions, whether for purposes of making portfolio investments or redemption payments
- after notice has been given of a Shareholders' meeting at which it will be decided whether or not to liquidate the SICAV or informing shareholders about the termination or liquidation of a Sub-Fund or class of shares.

A suspension could apply to any Share Class and Sub-Fund (or to all), and to any type of request (buy, switch, redeem).

Shareholders whose orders are not processed because of a suspension will be notified of the suspension within seven (7) days after their request and of its termination.

### Swing Pricing

When significant amounts of cash enter a Sub-Fund from new subscriptions, this often requires the portfolio manager to buy securities on behalf of the Sub-Fund to ensure that it is fully invested. Conversely, large redemption requests commonly need to be met by selling securities. The costs of these transactions can include "bid-ask" spreads, broker commissions, custody charges and/or taxes. Without a proper mechanism to deal with this spread impact, these extra costs are borne by the Sub-Fund, causing detriment to the existing shareholders, especially to long-term investors. This is largely because - in the absence of an anti-dilution mechanism - the Share Class' price reflects the close of business "mid" price of its underlying investments and does not include the costs of trading them.

To protect the interests of the existing shareholders of a Sub-Fund or a Share Class, the management company may apply a swing pricing mechanism across any and all Sub-Funds or Share Classes and on the portion of cash generated by a merger affecting a Sub-Fund.

The governance of the swing pricing mechanism is defined and applied by the management company through a dedicated committee. The management company has adopted a partial swing methodology, meaning that the swing pricing mechanism is applied at the level of the Sub-Fund or the Share Class only if a predetermined net capital activity threshold (the "swing threshold") is exceeded on any Valuation Day, irrespective of the specific circumstances of each individual investor transaction.

If the net subscriptions and redemptions based on the last available NAV on any Valuation Day exceed a certain threshold of the value of a Sub-Fund or a Share Class on that Valuation Day, as determined and reviewed on a periodic basis by the management company, the NAV will be adjusted by a swing factor respectively upwards or downwards to reflect the extra costs borne by the Sub-Fund, as described above.

The extent of the price adjustment will be set by the management company and will not exceed 2% of the NAV. Where applicable, any performance fee will be charged based on the unswung NAV, i.e. before the application of swing pricing mechanism.

The fluctuation of the Sub-Fund's NAV may not reflect the true Sub-Fund's performance, and therefore where applicable, might deviate from the Sub-Fund's benchmark because of the application of the swing pricing mechanism.

### How the SICAV Values Assets

The SICAV determines the value of each Sub-Fund's assets as follows:

- **Cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued but not yet received.** Valued at full value, minus any appropriate discount the SICAV may apply based on its assessments of any circumstances that make full payment unlikely.
- **Transferable securities listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at the closing price on such markets. If a security is listed or traded on several markets, the closing price of the market which constitutes the main market for such securities, will be determining.
- **Transferable securities not listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at their last available market price.

- **Transferable securities for which no price quotation is available or for which the price referred to in point(s) 1. and/or 3. above is not representative of the fair market value.** Valued prudently and in good faith on the basis of their reasonably foreseeable sales prices. As far as CDO Securities are concerned and insofar the price quotation is not representative of the fair market value, CDO Securities will be valued at their NAV as transmitted to the investment manager by the arranging bank of each CDO Security in which the SICAV has invested.
- **Money market instruments listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at the closing price on such markets. If a security is listed or traded on several markets, the closing price of the market which constitutes the main market for such securities, will be determining.
- **Money market instruments not listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at their last available price.
- **Liquidating value of futures, forward and options contracts.** When not traded on regulated markets, stock exchanges in an Other State or regulated markets shall mean their net liquidating value determined, pursuant to the policies established in good faith by the SICAV, on a basis consistently applied for each different variety of contracts. When traded on regulated markets, stock exchanges in an Other State or on another regulated markets shall be based upon the last available settlement prices of these contracts on regulated markets, stock exchanges in an Other State and another regulated markets on which the particular futures, forward or options contracts are traded by the SICAV; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the SICAV may deem fair and reasonable.
- **Values expressed in a currency other than the Reference Currency of a Share Class or a Sub-Fund.** Those shall be translated to the Reference Currency of a Share Class or a Sub-Fund on the basis of the exchange rate provided by Reuters or another equivalent provider.
- **Swaps and all other securities and assets.** Valued at fair market value as determined prudently and in good faith by the SICAV.
- **Shares/units of UCITS and/or other UCIs** will be evaluated at their last available NAV per Share/unit. Open-ended funds will be valued at the actual NAV for such Shares or units as of the relevant Valuation Day, or based on the market value under the condition that this valuation reflects the most adequate price. If the latter is not the case, funds shall be valued at the estimated NAV as of such Valuation Day, or if no such estimated NAV is available, they shall be valued at the last available actual or estimated NAV provided that if events have occurred which may have resulted in a material change in the NAV of such Shares or units since the date on which such actual or estimated NAV was calculated, the value of such Shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board, such change.

The NAV per Share is determined by the administrative agent and made available at the registered office of the SICAV.

Each Sub-Fund shall be valued so that all agreements to purchase or sell securities are reflected as of the date of execution and all dividends receivable and distributions receivable are accrued as of the relevant ex-dividend dates.

### Liabilities of the SICAV

The liabilities of the SICAV shall be deemed to include:

- borrowings, bills and other amounts due;
- all costs and expenses to be borne by the SICAV;
- all known liabilities, due or not yet due, including the amount of all dividends declared, if any, but unpaid;
- an appropriate amount set aside for taxes due on the date of valuation and other provisions or reserves authorised and approved by the Board; and
- all other liabilities of the SICAV of whatsoever kind due towards third parties.

### Fair Market Valuation

The fair value of an item is the price at which two people agree to exchange the item (security, bond, real estate, etc.). The purpose is then to define the price of an asset when the market is unable to provide the fair value (e.g. when the market is closed, when a security is delisted or when the market is not liquid, etc.) based on models or proxies, etc.

In the event that extraordinary circumstances render valuations impracticable or inadequate, the SICAV is authorised, prudently and in good faith, to follow other rules that the Board deems more accurate to achieve a fair valuation of the SICAV's assets.

Fair valuation might be used, for example, where the underlying markets are closed for business at the time of calculating the NAV of certain Sub-Funds or where governments chose to impose fiscal or transaction charges on foreign investment. The Board may set specific thresholds that, where exceeded, result in adjustment to the value of the SICAV's assets to their fair value by applying a specific index adjustment. Moreover, if, since the time of determination of the NAV but prior to publication, there has been a material change in the valuation of a substantial proportion of the investments of the SICAV attributable to a particular Sub-Fund or Share Class, the SICAV may, in order to safeguard the interests of the Shareholders and the SICAV, cancel the first valuation and carry out a second valuation, in which case all relevant subscription and redemption requests will be dealt on the basis of the second valuation. The SICAV has implemented internal procedures regarding the Fair Market Valuation.

In certain circumstances the Board may be required to provide fair value prices for certain assets of the SICAV and that, in such circumstances, the Board's "fair value" may diverge significantly from the next available market price of such assets.

### Allocation of the assets of the SICAV

The Board may establish a Sub-Fund in respect of each Share Class and may establish a Sub-Fund in respect of two or more Share Classes in the following manner:

- if two or more Share Classes relate to one Sub-Fund, the assets attributable to such Share Classes shall be invested pursuant to the specific investment policy of the Sub-Fund concerned
- the proceeds to be received from the issue of Shares of a Share Class shall be applied in the books of the SICAV to the Sub-Fund corresponding to that Share Class provided that if several Share Classes are outstanding in such Sub-Fund, the relevant amount shall increase the proportion of the net assets of such Sub-Fund attributable to the Share Class to be issued;
- where any asset is derived from another asset, such asset shall be applied in the books of the SICAV to the same Sub-Fund as the assets from which it was derived and on each re-evaluation of an asset, the increase or diminution in value shall be applied to the relevant Sub-Fund;
- where the SICAV incurs a liability which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability could be allocated to the relevant Sub-Fund;
- in the case where any asset or liability of the SICAV cannot be considered as being attributable to a particular Sub-Fund, such asset or liability shall be allocated to all the Sub-Funds *pro rata* to the NAV; and
- upon the payment of distributions to the holders of any Share Class, the NAV of such Share Class shall be reduced by the amount of such distributions.

## MEASURES TO COMBAT ILLICIT AND DETRIMENTAL ACTIVITIES

### Market Timing and Excessive Trading

Subscription and conversion of Shares should be made for investment purposes only. The SICAV does not permit market timing or other excessive trading practices such as late trading (i.e. subscription received after the Sub-Funds cut-off time). Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm SICAV's performance. To minimize harm to the SICAV and the Shareholders, the SICAV or the registrar agent on its



behalf has the right to reject any subscription or conversion order, or levy in addition to any subscription or conversion fees, which may be charged according to the Sub-Funds' Descriptions, a fee of up to 2% of the value of the order for the benefit of the SICAV from any investor, who is engaging in excessive trading or has a history of excessive trading, or if an investor's trading, in the opinion of the SICAV, has been or may be disruptive to the SICAV or any of the Sub-Funds. In making this judgment, the SICAV may consider trading done in multiple accounts under common ownership or control. The SICAV also has the power to redeem all Shares held by a Shareholder who is or has been engaged in excessive trading. The SICAV will not be held liable for any loss resulting from rejected orders or mandatory redemptions.

Subscriptions, redemptions and conversions are dealt with at an unknown NAV. Any order received is deemed irrevocable after the Sub-Funds cut-off time.

## DATA PROTECTION

In accordance with the provisions of the law of 1<sup>st</sup> August 2018 on the organization of the National Data Protection Commission and on the general data protection framework, together with the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "Data Protection Laws"), the SICAV has to inform the Shareholders that their personal data is kept by means of a computer system. The SICAV, acting as a data controller, collects, stores and processes by electronic or other means the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services they required and complying with its legal obligations. The data processed include the name, address and invested amount of each Shareholder, together with the contact details of the Shareholder's ultimate beneficial owners, directors, authorized signatories and persons that own, directly or indirectly, an interest in the SICAV (the "Personal Data"). Investors may, at their discretion, refuse to communicate their Personal Data to the SICAV. In this case, however, the SICAV may reject their request for subscription of Shares in the SICAV.

In particular, the Personal Data supplied by Shareholders is processed for the purposes of (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules and (v) tax identification as may be required under Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA or CRS).

The SICAV can delegate to another entity (the administrative agent, the registrar agent and the management company) (the "Processors") the processing of the Personal Data, for the purpose of fulfilling the services required by the Shareholders, in compliance and within the limits of the applicable laws and regulations. These entities are located in the EU.

A Processor may engage another processor for carrying out specific processing activities on behalf of the SICAV, upon prior authorization from the latter. These entities may be located either in the EU or in countries outside of the EU and whose data protection laws may not offer an adequate level of protection, in particular but not exclusively in India. Such sub-processor shall process the Personal Data under the same conditions and for the same purposes as the Processor. The investor may contact the Processor for more information regarding the transfer of its Personal Data performed by such Processor.

The Personal Data may also be disclosed to the Luxembourg tax authorities, which in turn may, acting as data controller, disclose the same to foreign tax authorities.

Shareholders have a right to access their Personal Data and may ask for a rectification thereof in cases where such data are inaccurate and incomplete. They may also object to processing of their Personal Data based on legitimate interests or ask for erasure of their Personal Data if the conditions provided under the Data Protection Laws are met. Each Shareholder may also ask, under the conditions provided under the Data Protection Laws, for data portability.

In relation thereto, Shareholders can exercise their rights by letter addressed to the SICAV.

Shareholders have a right of opposition regarding the use of their Personal Data for marketing purposes. This opposition can be made by letter addressed to the SICAV.

The Shareholder has a right to lodge a complaint with a data protection supervisory authority.

The Shareholder's Personal Data shall not be held for longer than necessary with regard to the purpose of data processing carried out under the present contractual relationship, observing legal periods of limitation.

## QUERIES AND COMPLAINTS

Complaints must be submitted by Post to the following address:

AXA World Funds  
49, Avenue J.F Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

Attention: Complaint handling officer

Or by mail to the following address: [ComplianceLUX2@axa-im.com](mailto:ComplianceLUX2@axa-im.com)

# Anti-Money Laundering

The SICAV, the Management Company and the registrar agent must comply with applicable international and Luxembourg laws and regulations regarding the prevention of money laundering and terrorist financing, including but not limited to the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (the “**AML Law**”), and CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended (altogether the “**AML/CFT Rules**”). The AML/CFT Rules require the SICAV, on a risk sensitive basis, to establish and verify the identity of investors (as well as the identity of any intended beneficial owners of the shares if they are not the investors) and the origin of invested monies, source of funds and, as the case may be, source of wealth, and to monitor the business relationship on an ongoing basis. The identity of investors should be verified on the basis of documents, data or information obtained from a reliable and independent source. Investors shall provide the registrar agent with the information set out in the Application Form, depending on their type and category.

The SICAV, the Management Company and the registrar agent are required to establish appropriate anti-money laundering controls and will require all documentation deemed necessary to establish and verify the identity and profile of a given investor, the nature and the intended purposes of the business relationship and the origin of subscription proceeds. The registrar agent (and, as the case may be, the Management Company) has the right to request additional information until it is reasonably satisfied it understands the identity and economic purpose of the investor in order to comply with the AML/CFT Rules and, in addition, confirmation may be requested to verify the ownership of any bank account from which or to which monies are being paid. Furthermore, any investor is required to notify the registrar agent prior to the occurrence of any change in the identity of any beneficial owner of Shares.

Where subscriptions of shares are made indirectly through intermediaries investing on behalf of third parties, the SICAV, the Management Company and the registrar agent may be permitted to rely on the customer identification and verification measures performed by these intermediaries under the conditions described in Art. 3-3 of the AML Law. These conditions require in particular that the intermediaries apply customer due diligence and record-keeping requirements that are consistent with those laid down in the AML Law and are supervised by a competent supervisory authority in a manner consistent with these rules. Such intermediaries shall be required to provide the registrar agent with (i) information about the identity of the underlying investor(s), the persons acting on its behalf and the beneficial owners, (ii) relevant information on the source of funds, and (iii) at the request of the SICAV and/or the Management Company, provide copies of the customer due diligence documents as further specified in the

relevant application subscription forms without delay, which can be used to verify the identity of the investor (and, if applicable, all beneficial owners).

The SICAV and the Management Company have entered into agreements with several distributors who may then enter into agreements with sub-distributors pursuant to which the distributors agree to act as or can appoint nominees for investors subscribing for shares through their facilities. In such capacity, distributors may effect subscriptions, conversions and redemptions of shares in the nominee name on behalf of individual investors and request the registration of such operations on the register of shareholders of the SICAV in such nominee name. In such circumstances, the nominee/distributor maintains its own records and provides the investor with individualised information as to its holdings of shares.

Failure to provide such information and documents deemed necessary for the SICAV, the Management Company and the registrar agent to comply with their obligations pursuant to the AML/CFT Rules, may result in delays in, or rejection of, any subscription or conversion application and/or delays in any redemption application or dividend payments. No liability for any interest, costs or compensation will be accepted. Similarly, when shares are issued, they cannot be redeemed or converted until full details of registration have been completed and appropriate documents on the business relationship have been obtained.

The Management Company performs a specific due diligence and regular monitoring and applies precautionary measures on both the liability and asset side of the balance sheet (i.e. including in the context of investments/divestments by the Sub-Funds), in accordance with articles 3(7) and 4(1) of the AML Law.

Pursuant to articles 3(7) and 4(1) of the AML Law, the SICAV is also required to apply precautionary measures regarding the assets of the Sub-Funds. The Management Company assesses, using a risk based approach, the extent to which the offering of the shares and services presents potential vulnerabilities to placement, layering or integration of criminal proceeds into the financial system.

Pursuant to the Luxembourg law of 19 December 2020 on the implementation of restrictive measures in financial matters, the application of international financial sanctions must be enforced by any Luxembourg natural or legal person, as well as any other natural or legal person operating in or from the Luxembourg territory. As a result, prior to the Sub-Funds investing in assets, the management company shall, as a minimum, ensure that the name of such assets or of the issuer is screened against the target financial sanctions lists.



# The SICAV

## OPERATIONS AND BUSINESS STRUCTURE

**SICAV name** AXA World Funds.

**Registered office**

49, Avenue J. F. Kennedy  
L-1855 Luxembourg, LUXEMBOURG

**Other contact information**

[AXA Investment Managers | Home](#) | [AXA IM Corporate \(axa-im.com\)](#)

**Fund type** Société d'investissement à capital variable (SICAV); open-ended.

**Incorporation** 24 December 1996, as a *fonds commun de placement*. Reorganized as a SICAV on 18 February 1998.

**Duration** Indefinite.

**Articles of incorporation** Most recently modified on 30 April 2020 and published in the *Recueil Electronique des Sociétés et Associations (RESA)* on 8 June 2020.

**Legal jurisdiction** Grand Duchy of Luxembourg.

**Regulatory authority**

*Commission de Surveillance du Secteur Financier (CSSF)*  
283, route d'Arlon  
L-1150 Luxembourg, LUXEMBOURG

**Registration number** RCS Luxembourg B 63 116.

**Financial year** 1 January – 31 December.

**Capital** Sum of the NAV of all the Sub-Funds.

**Minimum capital (under Luxembourg law)** EUR 1,250,000 or equivalent in any other currency. The capital of the SICAV varies automatically with the issue and redemption of Shares.

**Par value of Shares** None.

**Share capital currency** EUR.

## STRUCTURE AND GOVERNING LAW

The SICAV functions as an “umbrella” under which the Sub-Funds are created and operate. The assets and liabilities of each Sub-Fund are segregated from those of other Sub-Funds; there is no cross-liability between Sub-Funds, and assets of a Sub-Fund are invested only for that Sub-Fund's Shareholders. The SICAV qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under the 2010 Law, and is registered on the official list of collective investment undertakings maintained by the CSSF.

## MEMBERS OF THE BOARD OF DIRECTORS

**Chairman: Geoffroy Reiss**

Residing in France,

Chief Operating Officer AXA IM Core

AXA Investment Managers Paris

**Jean-Louis Laforge**

Residing in France

Deputy Chief Executive Officer

AXA Investment Managers Paris

**Martin Burke**

Residing in France

Head of Product Lifecycle

AXA Investment Managers Paris

**Matthieu Tonneau**

Residing in France

Chief Risk Officer

AXA Investment Managers Paris

**Emmanuel Dendauw**

Residing in Belgium

Head of Retail Distribution

AXA Investment Managers Benelux

## THE BOARD OF DIRECTORS

The Board is responsible for the overall administration, control and management of the SICAV including the determination of the investment objective and policies of each Sub-Fund. In particular, the Board is responsible for the monitoring and the overall supervision and control of the management company. To this effect, the Board may give board recommendations to the management company in relation to, without limitation, the structure, promotion, administration, investment management and distribution of the SICAV and the contents of any documentation relating to the SICAV (including, but not limited to, this Prospectus and any marketing material).

The Board is responsible for the information in this Prospectus and has taken all reasonable care to ensure that it is materially true, accurate and complete.

Directors serve until their term ends, they resign, or they are revoked, in accordance with the Articles of Incorporation. Any additional directors will be appointed in accordance with the Articles of Incorporation and Luxembourg law.

## SHAREHOLDER MEETINGS

The annual general meeting is held at the registered office of the SICAV in Luxembourg within four (4) months after the end of the financial year. Other Shareholder meetings can be held at other places and times. Notices of all meetings will be distributed to Shareholders and published as required by law (in the *RESA* and the *d'Wort* in Luxembourg and in such other newspapers as the Board may determine), and will include the exact meeting location and time, the conditions of admission, the agenda, the quorum and the voting requirements and will be given at least eight (8) clear days prior to the meetings. Shareholders may vote by proxy or may attend the meeting and vote in person.

The Board may suspend the voting rights of any Shareholder in breach of his or her obligations as described by this Prospectus, the Articles or any relevant contractual arrangement entered into by such Shareholder. A Shareholder may also individually decide not to exercise, temporarily or permanently, all or part of his or her voting rights. The waiving Shareholder is bound by such waiver and the waiver is mandatory for the SICAV upon notification of the latter. In case the voting rights of one or several shareholders are suspended or the exercise of the voting rights has been waived by one or several shareholders in accordance with the paragraphs above, such shareholders may attend any general meeting of the Company but the shares they hold are not taken into account for the determination of the conditions of quorum and majority to be complied with at the general meetings of the Company.

If the capital of the SICAV falls to less than two-thirds of the legal minimum, the Board must ask the annual general meeting whether the SICAV should be dissolved.

If the capital becomes less than one-quarter of the legal minimum, Shareholders representing one-quarter of the Shares present can vote on whether to dissolve the SICAV. Any such meeting must be convened within forty (40) days of the day on which it appears that the capital has fallen below two-thirds or one quarter of the minimum capital, as the case may be.

## MATERIAL CONTRACTS

The following contracts have been entered into by the SICAV and are, or may be, material or contain indemnities in favor of the other parties thereto other than in respect of negligence or willful default:

- Management Company Services Agreement dated 26 July 2021 between the SICAV and the management company (the “Management Company Services Agreement”). The Management Company Services Agreement may be terminated upon three months' written notice.
- Depositary agreement dated 18th March 2016 between the SICAV and the depositary (the “Depositary Agreement”). The Depositary

Agreement may be terminated upon 180 calendar days' prior written notice.

- Administration Agency, Domiciliary, Paying Agency, Listing Agency and Registrar and Transfer Agency Agreement dated 31<sup>st</sup> March 2006, as amended, between the SICAV and the management company on the one part and State Street Bank International GmbH, Luxembourg Branch on the other part (the "Administration Agreement"). The Administration Agreement may be terminated upon 90 days' written notice.

## NOTICES AND PUBLICATIONS

### Publication of Notices

Notice of any material change to the SICAV or its Sub-Funds will be mailed to investors or their intermediary at the address of record as stated in the SICAV's register. If applicable, a revised Prospectus will also be made available.

Notices of mergers or, as the case may be, liquidations will be distributed 30 days in advance, and will indicate the reasons for the mergers.

Unless otherwise required by applicable laws or regulations, changes not materially impacting shareholders may, under exceptional circumstances, be notified only by way of publication on the following website: [Funds - AXA IM Luxembourg \(axa-im.lu\)](https://www.axa-im.lu).

NAVs for all Sub-Funds and Share Classes are available at [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

Information on the past performance of the previous year appears in the Financial Reports. Audited annual reports are issued within four months of the end of the financial year and will be available to Shareholders upon request at least fifteen (15) days before the annual general meeting. Unaudited semi-annual reports are issued within two months of the end of the period they cover. The financial period of the SICAV is the calendar year. The audited annual reports will be prepared as at 31st December each year. The unaudited semi-annual reports will be prepared as at 30th June each year. Financial Reports are available at [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com) and at the registered office.

### Copies of Documents

Investors can access the following documents at the SICAV's registered office, at the office of the registrar agent, and at the offices of distributor agents outside of Luxembourg:

- the Articles of Incorporation
- material agreements between the SICAV and its service providers
- the relevant part of the law of 10th August 1915 on commercial companies as amended and the 2010 Law under which the SICAV is incorporated
- Financial Reports
- KIIDs/KIDs
- this Prospectus

A brief description of the strategy put in place by the management company for determining when and how voting rights attached to instruments held in the Sub-Fund's portfolio are to be exercised is available to investors on the website [AXA Investment Managers | Home | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

## LIQUIDATION OR MERGER

### Liquidation

The Board may decide to liquidate the SICAV, a Sub-Fund or a Share Class if either of the following is true:

- The total net assets of the SICAV or a Sub-Fund remain below EUR 840,000 (or the equivalent in another currency of denomination) for 30 consecutive days.
- The Board believes liquidation is appropriate because of changes in the economic or political situation affecting the SICAV or the relevant Sub-Fund or Share Class.

After giving prior notice to the relevant Shareholders, the Board may redeem all of the Shares in question on the first Valuation Day after the end of the notice period, at a NAV that reflects the anticipated liquidation costs but with no other redemption charge.

Should the SICAV need to liquidate, one or more liquidators appointed by the Shareholders' meeting will liquidate the SICAV's assets in the best interest of the Shareholders and will distribute the net proceeds (after deduction of any costs relating to the liquidation) to Shareholders in proportion to the Shares they are holding.

Amounts from any liquidations that are not claimed promptly by Shareholders will be deposited in escrow with the Caisse de Consignation. Amounts still unclaimed when the statute of limitations runs out will be forfeited according to Luxembourg law.

### Merger

The Board may decide to merge the SICAV with another UCITS or with a sub-fund of another UCITS. If the SICAV would cease to exist because of the merger, the Shareholders must approve the merger and its effective date by a majority of the votes cast at a general meeting, with no quorum required. If the SICAV will continue to exist after the merger, the Board may decide on the merger and its effective date. The Board may also decide to merge any Sub-Fund into another Sub-Fund, another UCITS, or a sub-fund of another UCITS.

As appropriate, the Shares of the SICAV will be redesignated as Shares of the other Sub-Fund, UCITS or sub-fund of the other UCITS.

The Shareholders will in any case be entitled to request, without any charge other than those retained by the SICAV or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, or, where possible, to convert them into units or shares of another UCITS pursuing a similar investment policy and managed by the management company or by any other company with which the management company is linked by common management or control, or by substantial direct or indirect holding, in accordance with the provisions of the 2010 Law.

Cost associated with the preparation and the completion of the merger shall neither be charged to the SICAV nor to its Shareholders.

# The Management Company

## OPERATIONS AND BUSINESS STRUCTURE

**Management Company** AXA Investment Managers Paris, an AXA Group company and a subsidiary of AXA Investment Managers S.A.

### Registered office

Tour Majunga, La Défense 9,  
6, place de la Pyramide,  
92800 Puteaux, France

### Other contact information

[Page d'accueil | AXA IM FR \(axa-im.fr\)](#)

**Legal form of company** *Société anonyme*.

**Incorporation** 7 April 1992

**Articles of incorporation** Most recently modified on 26 January 2023 and filed with the *greffe du tribunal de commerce de Nanterre* on 28 February 2023.

**Legal jurisdiction** France

**Registration number** R.C.S. Nanterre 353 534 506

Authorized as management company by the AMF under number GP 92008

**Authorised and issued share capital** EUR 1,654,406.00

**Other funds managed** As at the date of this Prospectus, the Management Company also manages other funds, the list of which is available upon request at the registered office of the Management Company.

## AGREEMENT AND GOVERNING LAW

The SICAV has appointed the Management Company pursuant to a Management Company services agreement dated as of 29 August 2006.

The Management Company is in charge of the day-to-day operations of the SICAV, with responsibility for investment management services, administrative services and marketing services subject to the overall supervision and control of the Board. The Management Company has the option of delegating to third parties some or all of its responsibilities, subject to the approval of the SICAV and the CSSF, and provided that the Management Company retains the responsibility and oversight over such delegates. The Management Company has delegated, with prior notification of the CSSF and provided that it complies with all the conditions provided for by the Law of 2010 and that it retains responsibility and oversight over such delegates, (i) transfer agency and administration to third parties, as detailed below and (ii) investment management, marketing, internal audit, to AXA IM entities. Risk management and compliance functions are carried out by the Management Company. The Management Company's liability towards the SICAV and its investors shall not be affected by the fact that it has delegated its functions and duties to third parties or by any further sub-delegation.

The Management Company also manages other funds.

## THE BOARD OF DIRECTORS

### Executive management

#### Marco Morelli

Residing in Italy

*Chief Executive Officer*

AXA Investment Managers S.A.

#### René Rauscher-Marroc

Residing in France

*Deputy Chief Executive, Global Head of Security & Procurement*

AXA Investment Managers Paris

#### Jean-Louis Laforge

Residing in France

*Deputy Chief Executive Officer*

AXA Investment Managers Paris

#### Jean-Christophe Ménioux

Residing in France

*Deputy Chief Executive, Global Chief Operating Officer*

AXA Investment Managers

### Board of directors

#### Marco Morelli (Chairman)

Residing in Italy

*Chief Executive Officer*

AXA Investment Managers S.A.

#### Marion Le Morhedec

Residing in France

*Director*

AXA Investment Managers Paris

#### Florence Dard

Residing in France

*Global Head of Client Group*

AXA Real Estate Investment Managers

**AXA Investment Managers S.A.**, represented by

Caroline Portel, residing in France, *Global Chief Operating Officer*

## REMUNERATION POLICY

The Management Company has approved and adopted AXA IM's Global Remuneration Policy, in accordance with the applicable regulations, which is consistent with, and promotes, sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profiles of the SICAV or the Articles of Incorporation, and does not impair compliance of the Management Company's duty to act in the best interests of the SICAV.

AXA IM's Global Remuneration Policy, which has been approved by the AXA IM Remuneration Committee, sets out the principles relating to remuneration within all entities of AXA IM (including the Management Company) and takes into account AXA IM's business strategy, objectives, and risk tolerance, as well as the long-term interests of AXA IM's shareholders, employees and clients (including the SICAV). The AXA IM Remuneration Committee is responsible for determining and reviewing the AXA IM remuneration guidelines, including the AXA IM Global Remuneration Policy, as well as reviewing the annual remuneration of senior executives of the AXA IM Group and senior officers in control functions.

AXA IM provides both fixed and variable remuneration. An employee's fixed remuneration is structured to reward organisational responsibility, professional experience and the individual's capability to perform the duties of the role. Variable remuneration is based on performance and may be awarded annually on both a non-deferred and, for certain employees, a deferred basis. Non-deferred variable remuneration may be awarded in cash or, where appropriate and subject to local laws and regulation, in instruments linked to the performance of AXA IM funds. Deferred remuneration is awarded through various instruments structured to reward medium and long term value creation for clients and AXA IM and long term value creation for the AXA Group. AXA IM ensures appropriate balances between fixed and variable remuneration and deferred and non-deferred remuneration.

Details of the up-to-date AXA IM Global Remuneration Policy are published online at <https://www.axa-im.com/remuneration>. This includes the description of how remuneration and benefits are awarded for employees, and further information on the AXA IM Remuneration Committee. Upon request, a paper copy is available free of charge at the Management Company.

#### Payment of retrocessions and rebates:

As part of its commercial development policy, the Management Company may decide to develop contacts with various financial intermediaries who, in turn, are in contact with client segments likely to invest in the funds of the Management Company. The Management Company applies a strict selection policy of its partners and determines the conditions of their remuneration (one-off or recurring), calculated either on a lump sum basis or in proportion to the management fees received, in order to preserve the long term stability of the relationship.

The Management Company may, on a discretionary basis, grant rebates directly to investors on request depending on commercial interests. Rebates are used to reduce the fees or expenses of the investors concerned.

Rebates are permitted provided that they are paid out of the remuneration received by the Management Company and therefore do not represent an additional charge for the SICAV and are granted on the basis of objective criteria.

For more information, please refer to the document 'Remuneration for the distribution of Collective Investment Schemes and negotiated rebates to certain holders' available on the website <https://www.axa-im.fr/informations-importantes>.

## **BENCHMARK REGULATION**

Certain Sub-Funds use Benchmarks as defined by the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds ("BMR"), for the purpose of defining the asset allocation of a portfolio and/or of computing performance fees (please refer to section "Benchmark for performance fee" in the relevant appendix of the following Sub-Funds: Europe ex-UK MicroCap, Global Convertibles, Optimal Income and US Enhanced High Yield Bonds).

Certain other Sub-Funds are actively managed in reference to a benchmark index according to the ESMA Q&A on application of the UCITS Directive (please refer to section "Investment Strategy") in the relevant appendix of the respective Sub-Funds.

As required by article 28(2) of BMR, the Management Company has adopted a written plan setting out actions, which it will take with respect to the Sub-Funds using a benchmark as defined by BMR in the event that the benchmark index materially changes or ceases to be provided (the "Contingency Plan"). You may access the Contingency Plan free of charge at the registered office of the Management Company.

At the date of the latest update of this prospectus, the Benchmark administrators as defined by BMR are listed in the ESMA Register that you may consult at <https://registers.esma.europa.eu/publication>.

The SONIA (the Sterling Overnight Index Average), the SARON (Swiss Average Rate Overnight) and the Effective Federal Funds Rate benchmarks are set by central banks and thus, out of BMR's scope. You may access further information on the website of their administrator: the Bank of England for SONIA at <https://www.bankofengland.co.uk/markets>, the Swiss National Bank (SNB) in cooperation with SIX Swiss Exchange for SARON at [https://snb.ch/en/for/finmkt/id/finmkt\\_repos\\_saron](https://snb.ch/en/for/finmkt/id/finmkt_repos_saron) and Effective Federal Funds Rate published by the Federal Reserve Bank of New York.

## **SERVICE PROVIDERS**

### **INVESTMENT MANAGERS**

#### **AXA Real Estate Investment Managers SGP**

Tour Majunga  
La Défense 9  
6, place de la Pyramide  
92800 Puteaux  
FRANCE

#### **AXA Investment Managers UK Limited**

22 Bishopsgate  
London EC2N 4BQ  
UK

#### **AXA Investment Managers US Inc.**

400 Atlantic Street, Suite 1000  
Stamford, CT 06901  
USA

#### **AXA SPDB Investment Managers Company Limited**

1-7F, Block S2, No.5189 Binjiang Avenue,  
Pudong New Area  
Shanghai  
CHINA

## **SUB-INVESTMENT MANAGERS**

#### **AXA Investment Managers UK Limited**

22 Bishopsgate  
London EC2N 4BQ  
UK

#### **AXA Investment Managers US Inc.**

400 Atlantic Street, Suite 1000  
Stamford, CT 06901  
USA

#### **AXA Real Estate Investment Managers SGP**

Tour Majunga  
La Défense 9  
6, place de la Pyramide  
92800 Puteaux  
FRANCE

Each Sub-Fund's investment manager handles the day-to-day management of that Sub-Fund.

An investment manager may appoint sub-delegates, at its own expense and responsibility, to manage all or part of the assets of some Sub-Funds or provide recommendations on any investment portfolio subject to the approval of the CSSF. The appointed entity will be disclosed in "Sub-Fund Descriptions".

For its services, the investment manager is entitled to receive the management fee and any performance fee described in "Sub-Fund Descriptions". The Management Company is responsible for the payment of these fees to investment managers.

## **INVESTMENT ADVISORS**

#### **AXA Investment Managers Paris**

Tour Majunga, La Défense  
6 Place de la Pyramide  
92800 Puteaux  
France

An investment advisor provides advice and/or recommendations on the implementation of the Sub-Fund's investment strategy.

## **DEPOSITARY**

#### **State Street Bank International GmbH, Luxembourg Branch**

49, Avenue J.F. Kennedy  
L-1855 Luxembourg  
LUXEMBOURG

The rights and duties of the depositary (the "Depositary") are governed by the Depositary Agreement dated 18 March 2016. In performing its obligations under the Depositary Agreement, the Depositary shall observe and comply with (i) Luxembourg laws, (ii) the Depositary Agreement and (iii) the terms of this Prospectus. Furthermore, in carrying out its role as depositary bank, the Depositary must act solely in the interest of the SICAV and of its Shareholders.

The SICAV has appointed State Street Bank International GmbH, Luxembourg Branch as its Depositary within the meaning of the 2010 Law pursuant to the Depositary Agreement.



State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depositary and is specialized in depositary, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is member of the State Street group of companies having as its ultimate parent State Street Corporation, a US publicly listed company.

### Depositary's functions

The relationship between the SICAV and the Depositary is subject to the terms of the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles of Incorporation.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Articles of Incorporation.
- carrying out the instructions of the SICAV unless they conflict with applicable law and the Articles of Incorporation.
- ensuring that in transactions involving the assets of the SICAV any consideration is remitted within the usual time limits.
- ensuring that the income of the UCITS is applied in accordance with applicable law and the Articles of Incorporation.
- monitoring of the SICAV's cash and cash flows.
- safe-keeping of the SICAV's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### Depositary's liability

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries, the Depositary shall return financial instruments of identical type or the corresponding amount to the SICAV without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the shareholders may invoke the liability of the Depositary directly or indirectly through the Fund provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

The Depositary will be liable to the SICAV for all other losses suffered by the SICAV as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations pursuant to the UCITS Directive.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

### Delegation

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by

any delegation of its safe-keeping functions under the Depositary Agreement.

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at One Congress Street, Suite 1, Boston, MA 02114-2016, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the SICAV or at the following internet site: [Subcustodians | StateStreet](#).

### Conflicts of interest

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the SICAV;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the SICAV either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and, except as required by law, are not bound to disclose to the SICAV, any such profits or compensation in any form, including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the SICAV;
- (iv) may provide the same or similar services to other clients including competitors of the SICAV and the fee arrangements it has in place will vary;
- (v) may be granted creditors' rights by the SICAV, e.g. indemnification, which it may exercise in its own interest.

The SICAV may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the SICAV. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the SICAV. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the SICAV. The affiliate shall enter into such transactions on the terms and conditions agreed with the SICAV.

Where cash belonging to the SICAV is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker.

The Management Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include the following broad categories:

- (1) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;



(2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests and the fee arrangements they have in place will vary;

(3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and

(4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the SICAV and its Shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying sub-custodians subject to internal and external control audits. Finally, the Depositary segregates the SICAV's assets from its proprietary assets and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

#### **Termination**

Each of the SICAV or the Depositary may terminate the Depositary Agreement on 180 calendar days' prior written notice. The Depositary Agreement may also be terminated on shorter notice in certain circumstances. However, the Depositary shall continue to act as depositary for up to two months pending a replacement depositary being appointed and until such replacement, the Depositary shall take all necessary steps to ensure the good preservation of the interests of the Shareholders of the SICAV and allow the transfer of all assets of the SICAV to the succeeding depositary.

#### **Disclaimer**

The Depositary has no decision-making discretion relating to the SICAV's investments. The Depositary is a service provider to the SICAV and is not responsible for the preparation of this Prospectus, or the activities of the SICAV.

In accordance with the 2010 Law, the Management Company has entered into an operating memorandum with the Depositary to regulate the flow of information deemed necessary to allow the Depositary to perform its obligations under the Depositary Agreement and the 2010 Law.

### **ADMINISTRATIVE, DOMICILIARY, CORPORATE AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

#### **State Street Bank International GmbH, Luxembourg Branch**

49, Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

With the consent of the SICAV, the Management Company has appointed State Street Bank International GmbH, Luxembourg Branch also as administrative, registrar and transfer agent and as domiciliary and paying agent of the SICAV (the Administrator) pursuant to the Administration Agreement.

The relationship between the SICAV, the Management Company and the Administrator is subject to the terms of the Administration Agreement. Under the terms of the Administration Agreement, the Administrator will carry out all general administrative duties related

to the administration of the SICAV required by Luxembourg law: calculate the Net Asset Value per Share, maintain the accounting records of the SICAV, process all subscriptions, redemptions, conversions, and transfers of Shares, register these transactions in the register of shareholders as well as produce and/or deliver documents intended for investors. In addition, as registrar and transfer agent of the SICAV, the Administrator is also responsible for collecting the required information and performing verifications on investors to comply with applicable anti-money laundering rules and regulations.

The Administrator is not responsible for any investment decisions of the SICAV or the effect of such investment decisions on the performance of the SICAV.

The Administration Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of a material clause of the Administration Agreement. The Administration Agreement may be terminated by the Management Company with immediate effect if this is deemed by the Management Company to be in the interest of the investors. The Administration Agreement contains provisions exempting the Administrator from liability and indemnifying the Administrator in certain circumstances. However, the liability of the Administrator towards the Management Company and the SICAV will not be affected by any delegation of functions by the Administrator.

### **STOCK LENDING AND REPURCHASE AGENT**

#### **AXA Investment Managers GS Limited**

22 Bishopsgate  
London EC2N 4BQ

UK

The Management Company has appointed the stock lending and repurchase agent pursuant to a delegation agreement dated 15 February 2013.

AXA Investment Managers GS Limited and the Management Company are affiliates companies belonging to AXA IM group. In order to prevent any conflicts of interest, AXA IM group has put in place a conflicts of interest policy, details of which are available on <https://www.axa-im.lu/mifid>.

Depending on the local licensing requirements of AXA Investment Managers GS Limited and/or the relevant Sub-Funds, it may, under its supervision, sub-delegate certain securities lending and repurchase agency services.

### **SUB-DELEGATED STOCK LENDING AND REPURCHASE AGENT**

#### **AXA Investment Managers IF**

Tour Majunga, La Défense  
6 Place de la Pyramide  
92800 Puteaux  
France

AXA Investment Managers IF, AXA Investment Managers GS Limited and the Management Company are affiliates companies belonging to AXA IM group. In order to prevent any conflicts of interest, AXA IM group has put in place a conflicts of interest policy, details of which are available on <https://www.axa-im.lu/mifid>.

### **INTERMEDIARIES HANDLING TRANSACTIONS OF THE SHARES**

The Management Company may engage distributors to promote the Shares and handle transactions in Sub-Fund Shares in certain countries or markets.

Note that investors will only be able to fully exercise their investor's rights directly against the SICAV (in particular the right to participate in general Shareholders' meetings) if they are directly registered as the owner of the Shares in the SICAV's register of Shareholders. If investors invest through an intermediary, the ownership of Shares

may be recorded in the intermediary's name, in which case investors may not be able to exercise all Shareholder's rights themselves. Investors are advised to seek advice on their rights (in particular the ability to provide the intermediary with specific or general voting instructions in general Shareholder's meetings).

Nominees are banks and financial institutions appointed as distributors or the company responsible for arranging the distribution of the Shares of the SICAV which act as intermediaries between investors and the SICAV. Subject to local laws in countries where Shares are offered, the distributors and their agents, if any, may, on the request of the respective investor, act as nominee for such investors. In some countries, use of a nominee service is mandatory, either for legal or practical reasons. With a nominee service, a distributor or local paying agent purchases and holds the Shares as a nominee in its own name but for the account of the investor. In other countries, investors have the option of investing through the nominee services offered by the distributors or local paying agents, or directly with the SICAV.

Whenever the use of a nominee service is not mandatory, investors who use a nominee service may at any time submit an appropriate written request to the nominee that the Shares held for them be registered in their own name. Note that the minimum holding amounts of a particular Share Class described in "Investing in the Funds", if any, will apply.

## **AUDITOR**

### **PricewaterhouseCoopers, Société coopérative**

2, rue Gerhard Mercator  
L-2182 Luxembourg  
LUXEMBOURG

The auditor provides independent review of the financial statements of the SICAV and all Sub-Funds.

## **LEGAL ADVISER**

### **Arendt & Medernach S.A.**

41A, avenue J-F Kennedy  
L-2082 Luxembourg  
LUXEMBOURG

The legal adviser provides independent legal advice on business, regulatory, tax, and other matters, as requested.

# Country-Specific Information

The SICAV is currently authorised to offer Sub-Funds in several countries across Europe, Asia and Latin America. The information below supplements the information in this Prospectus and is provided in compliance with requirements of the countries indicated.

The agent in each country is available to perform some or all of the following functions:

- liaise with the local regulators
- provide free copies of the Prospectus, Financial Reports, Articles of Incorporation and other required information
- handle payments of dividends and redemption proceeds
- receive requests to buy, switch or redeem Shares
- provide purchase and redemption prices
- provide other general information

## AUSTRIA

**Agent (Facility Agent):**

**AXA Investment Managers Deutschland GmbH**

Thurn-und-Taxis-Platz 6,  
60313 Frankfurt am Main  
DEUTSCHLAND

## BELGIUM

**Agent (Financial Service in Belgium):**

**CACEIS Belgium SA**

Avenue du Port 86 C b320  
B-1000 Brussels  
BELGIUM

CACEIS Belgium SA provides nominee services.

Daily NAVs for all Sub-Funds and Share Classes marketed in Belgium can currently be found on [www.beama.be](http://www.beama.be). The Board may publish the NAVs in L'Echo and De Tijd newspapers. Shareholders communications are also available on [www.beama.be](http://www.beama.be).

The fees and expenses charged by the SICAV are described in "Sub-Fund Descriptions".

Information concerning taxation is available from the SICAV and the Financial Service in Belgium.

For any information, the investor can contact the Financial Service CACEIS Belgium SA.

## DENMARK

**Agent (Facility Agent):**

**AXA Investment Managers Deutschland GmbH**

Thurn-und-Taxis-Platz 6,  
60313 Frankfurt am Main  
DEUTSCHLAND

## FRANCE

**Agent (Local Representative):**

**BNP Paribas S.A.**

16 Boulevard des Italiens  
75009 Paris

FRANCE

Note that any gains that are realised when switching Shares are taxable.

## HONG KONG

**For the Share Classes/Sub-Funds authorised for distribution  
AXA Investment Managers Asia Limited**

Suites 3603 – 05, 36/F  
One Taikoo Place, Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

CHINA

Hong Kong investors are advised to read the Hong Kong Offering Memorandum and the Product Key Facts Statements of relevant Sub-Funds which contain additional information for Hong Kong residents.

The Securities and Futures Commission ("SFC") has authorised the SICAV and certain Sub-Funds (please check with the agent for the list of SFC-authorized Sub-Funds). The SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

**For the Sub-Funds not authorised for distribution**

Warnings: Hong Kong investors are advised that the contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in doubt about the contents of this Prospectus, you should obtain independent professional advice. Certain Sub-Funds described herein may only be offered for sale or sold in Hong Kong to such investors which are "professional investors" within the meaning of the Hong Kong Securities and Futures Ordinance ("SFO") and any rules made thereunder. Unless permitted under the SFO, no person may issue or have in its possession for the purposes of issue this Prospectus, or any other advertisement, invitation or document, whether in Hong Kong or elsewhere, which is or contains an invitation to the public in Hong Kong within the meaning of the SFO (i) to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite Shares of the Sub-Funds not authorised by the SFC or (ii) to acquire an interest in or participate in, or offer to acquire an interest in or participate in these Sub-Funds, other than with respect to Shares or interests which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

Regarding the "Designed for" section under the heading "Additional Features" in respect of each of the appendices, Hong Kong investors should note that such information is provided for reference only. In particular, the reference to the minimum investment time horizon has been determined based on Management Company's theoretical knowledge of, and past experience with, the relevant Sub-Fund, SICAV or similar funds, the financial markets and the needs, characteristics and objectives of potential end investors at large and not on the assessment of the risk profile, risk tolerance, investment objective and/or investment horizon of a typical Hong Kong investor nor on the specific circumstances relevant to Hong Kong investors. As such, before making any investment decisions, Hong Kong investors should consider their own specific circumstances, including, without limitations, their own risk tolerance level, financial circumstances, and investment objectives. If in doubt, investors should consult their stockbrokers, bank managers, solicitors, accountants, representative banks or other financial advisers.

## ITALY

Agent (Representative):

**AXA IM Paris – Sede Secondaria Italiana**

Corso di Porta Romana, 68

I-20122 Milan

ITALY

## JAPAN

Warning: Japanese investors are advised to exercise caution in relation to the offer. The Sub-funds or Shares described herein are not authorized for offering to the public in Japan and have not been and will not be registered under Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (the "FIEL") and accordingly may not be offered or solicited in Japan or to or for the account of any resident thereof, except pursuant to an exemption from the registration requirements of the FIEL. "A resident" shall have the meaning as defined under the Foreign Exchange and Foreign Trade Law of Japan (Law No. 228 of 1949). If you are in doubt about the contents of this Prospectus, you should obtain independent professional advice. Only certain Sub-Funds described herein may be offered for sale or sold in Japan solely to such investors which are Qualified Institutional Investor (tekikaku kikan toshika) ("QII") as defined in Article 2, Paragraph 3, Item 1 of the FIEL and Article 10 of the Cabinet Ordinance regarding Definitions under Article 2 of the Financial Instruments and Exchange Law and any rules made thereunder. You are advised that by subscribing into the Sub-Fund(s), you acknowledge and agree that: i) the Shares described herein have not been and will not be registered under Article 4, Paragraph 1 of the FIEL and accordingly may not be offered or solicited in Japan or to or for the account of any resident thereof, except pursuant to an exemption from the registration requirements of the FIEL; ii) the Shares are offered exclusively to QIIs only pursuant to a qualified institutional investor exemption as set forth in Article 2, Paragraph 3, Item 2 (a) of the FIEL; iii) Shares sold to QIIs pursuant to a qualified institutional investor exemption are subject to re-sale restrictions whereby the Shares cannot be re-sold to anyone other than QIIs; and iv) notwithstanding anything to the contrary in the Prospectus, no switch to Shares of any other Sub-Fund is allowed unless such Sub-Fund is offered in Japan in accordance with its applicable regulations.

## NETHERLANDS

The Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) has approved the offering of Shares in Netherlands, in accordance with section 17 of the Investment Institution Act (Wet toezicht beleggingsinstellingen).



# Terms with Specific Meanings

The following terms have these specific meanings within this document:

**2010 Law** Luxembourg law of December 17, 2010 on Undertakings for Collective Investment in Transferable Securities, as amended from time to time.

**A Shares** Securities issued by companies incorporated in the PRC and listed on Shanghai or Shenzhen stock exchange.

**Application Form** The appropriate application form for the subscription, the redemption and the conversion of Shares of the SICAV available at the distributors' registered office.

**Articles of Incorporation** The Articles of Incorporation of the SICAV, as amended from time to time.

**AXA Group** Any entity over which AXA has direct, indirect, or alternate control.

**Benefit Plan Investor** Any benefit plan investor as defined in regulations issued by the US Department of Labor, being any (a) "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to Title 1 of ERISA), (b) "plan" described in Section 4975(e)(i) of the US Internal Revenue Code that is subject to Section 4975 thereof, and (c) entity any of the assets of which include the assets of such "employee benefit plan" or "plan".

**Best-in-class** A type of ESG selection consisting of giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting.

**Best-in-universe** A type of ESG selection consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented.

**Board** The Board of directors of the SICAV.

**Bond Connect** A mutual bond market access link established between Hong Kong and the PRC which facilitates investment in the CIBM through mutual access and connection arrangements in respect of trading, custody and settlement between the related financial infrastructure institutions of Hong Kong and the PRC.

**Business Day** Any day that is a full banking business day and/or a full day on which the relevant stock exchange(s) is/are opened in the country(ies) of reference for a given Sub-Fund, as described in "Sub-Fund Descriptions".

**Callable bond (or redeemable bond)**

Type of bond allowing its issuer to redeem the bond prior to its maturity date.

**Canadian Prohibited Investor** means any natural person who is a resident of Canada (including its territories and possessions and any province of Canada) and any legal entity formed under the laws of Canada or any province or territory thereof, except where otherwise beforehand determined by the distributor as qualifying as in compliance with applicable local laws and regulations under "Permitted Clients" exemption.

**CIBM** The China Interbank Bond Market.

**CSRC** *China Securities Regulatory Commission*, the main securities regulatory body in the PRC.

**CSSF** *Commission de Surveillance du Secteur Financier*, the Luxembourg financial supervisory authority.

**Dealing Price** The price at which Shares are subscribed, switched or redeemed. Dealing Prices are calculated on a policy as defined in "Sub-Fund Descriptions".

**Defaulted Securities** means a security whose issuer has failed to make an interest or principal payment according to the security's documentation and calendar. Defaulted securities are typically rated

in the lower rating categories from rating agencies performing their surveillance (C by Moody's or D by Standard & Poor's) or are unrated securities considered by the Investment Manager of the relevant Sub-Fund to be of comparable quality.

**Distressed Securities** means debts that are officially in restructuring or in payment default and whose price is at least 50% lower than their face value and whose rating (by at least one of the major rating agencies) is lower than CCC- or, if unrated, judged equivalent to this level by the Investment Manager.

**Equity-related securities** are commonly transferable securities that provide indirect ownership of, or results in the acquisition of, an equity. Examples include preferred shares, depositary receipts (ADR, GDR), participation notes, warrants or similar type of rights.

**Emerging Markets countries** are typically countries with less established financial markets and investor protections, which may involve a greater degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors. Most emerging markets countries are commonly located in Asia, Latin American, Eastern Europe, Middle East and Africa. The list of emerging market countries is subject to continuous change.

**ERISA** The US Employee Retirement Income Security Act of 1974, as amended, or any successor federal statute.

**ESG** Environmental, Social and Governance.

**EU** European Union.

**EU Taxonomy:** means EU Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and focusing on climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

**EEA** European economic area i.e. EU member states, Iceland, Liechtenstein and Norway.

**European State** A member state of the EU or the European Economic Area.

**Financial Product** A Sub-Fund of the SICAV

**Financial Reports** Annual and semi-annual reports of the SICAV.

**Forward Pricing Basis** A policy under which orders received and accepted by the registrar agent by 15:00 Luxembourg Time on a Business Day (D) are processed at the Dealing Price applicable to such Valuation Day (D).

**Forward-Forward Pricing Basis** A policy under which orders received and accepted by the registrar agent by 15:00 Luxembourg time on any Business Day (D) are processed at the Dealing Price applicable to the following Valuation Day (D+1).

**Green Bonds** Bonds financing environmental projects such as renewable energy, pollution prevention, energy efficiency, biodiversity preservation, etc.

**H** Hedged (in Share Class names).

**Hard Currency** means globally traded major currencies.

**Institutional Investor** An institutional investor as defined by guidelines or recommendations issued by the Regulatory authority from time to time. With respect to investors that are incorporated in the European Union, Institutional Investor means Eligible Counterparty and Professional Investors according to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, amended by Directive (EU) 2016/1034 of 23 June 2016.

**Interest Rate Sensitivity** The sensitivity measure indicates the expected percentage decline in investment value for a 1% increase in interest rates.

**Investment Grade** Rated at least BBB- by Standard & Poor's or equivalent ratings by Moody's or Fitch or, if unrated, judged equivalent to those levels by the investment manager.

**KIID/KID** Key Investor Information Document under the UCITS legislation and/or Key Information Document under the PRIIPs legislation as applicable.



The following **Key Performance Indicators (or “KPI”)** may be used in the Sub-Funds:

<b>Carbon Intensity</b>	or Carbon Intensity by Revenues: Environmental KPI provided by Trucost S&P. The amount of Greenhouse Gas (GHG) released into the atmosphere per million \$ of revenue. It is expressed in CO <sub>2</sub> tons per millions \$ revenue.
<b>Gender Diversity at Board Level</b>	Governance KPI provided by Bloomberg for corporates. Asset weighted percentage of female board members at the companies held in portfolio.
<b>Water Intensity</b>	Environmental KPI provided by Trucost S&P for corporates. This KPI represents the amount of water diverted for use by the organization from all sources, including but not limited to surface, ground, saltwater, and municipal. Includes cooling water. It is expressed in cubic meters. For Sovereign, the KPI is provided by the World Bank and represents the freshwater withdrawal as a proportion of available freshwater resources. It is the ratio between total freshwater withdrawn by all major sectors and total renewable freshwater resources, after taking into account environmental water requirements
<b>Carbon Delta Technology Opportunity (1.5C)</b>	Environmental KPI provided by MSCI. This KPI measures the company's upside technology opportunity exposure, expressed as a percentage of the security's market value, assuming a global 1.5°C target and calculated using carbon prices from the AIM CGE model.
<b>Renewable Energy Production (MWh) / €M EVIC</b>	Metric provided by Trucost which represent the number of megawatt hours of renewable energy produced per million euros invested using the EVIC. The following renewable energy sources are considered in the calculation methodology: <i>Biomass Power Generation; Geothermal Power Generation; Hydroelectric Power Generation; Solar Power Generation; Wave &amp; Tidal Power Generation; and Wind Power Generation</i> . For more details on the methodology, please refer to <a href="https://www.trucost.com/~/media/Files/Environmental%20Data%20Methodology%20Guide.pdf">trucost environmental data methodology guide.pdf (spglobal.com)</a>
<b>Percentage of companies in the GSS Watchlist &amp; Non-compliant</b>	Sustainalytics' Global Standards Screening (GSS) assesses the impact that companies have on stakeholders and the extent to which companies cause, contribute or are linked to violations of international norms and standards. Sustainalytics applies its own guidelines to assess company compliance with relevant international norms, assigning one of the following three statuses: Non-Compliant, Watchlist or Compliant. A company is assessed as Non-Compliant when it is determined to be causing or contributing to severe or

	systemic and/or systematic violations of international norms. A company is assessed as Watchlist if it is determined to be at risk of contributing to severe or systemic and/or systematic violations of international norms and standards. A company is assessed as Compliant when it has not been determined to be causing/contributing – or to be at risk of causing/contributing – to severe or systemic and/or systematic violations of international norms and standards in scope.
<b>Greenhouse gas</b>	The Greenhouse gas (GHG) emissions intensity indicator corresponds to the carbon emissions of a company normalized for size by dividing annual carbon emissions by Enterprise Value (EV – in millions of euros). The KPI is weighted. The GHG Emissions are provided by an external data provider and the KPI is computed internally.

**MLP** means Master Limited Partnerships which are US entities engaged primarily in energy and natural resource activities, including production, transportation, storage and processing MLPs are partnerships organised in the US which are publicly listed and traded on regulated markets.

**NAV** Net asset value i.e. value of the assets of a Sub-Fund.

**Non-US Person** As defined under the Commodity Exchange Act, as amended from time to time:

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;
- (iii) an estate or trust, the income of which is not subject to income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool or an investment company provided that units of participation in the entity held by persons who do not qualify as Non-US Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-US Persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-US Persons; and
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

**OTC** Over-the-Counter.

**Other State** Any state that is not a member of the European Union, and any state of America, Africa, Asia and Oceania.

**Paris Agreement** Agreement adopted under the United Nations Framework Convention on Climate Change, which was approved by the European Council Decision (EU) 2016/1841 of 5 October 2016 and which entered into force on 4 November 2016.

**PEA Sub-Funds** are Sub-Funds eligible to the “Plan d'épargne en actions” (PEA), an investment scheme accessible to individual investors who want to invest in eligible PEA securities and rights such as equities, equivalent securities, investment certificates and cooperative investment certificates issued by companies having their registered office in the European Economic Area.

**PEA/PME Sub-Funds** are Sub-Funds eligible to the “PEA/PME”, an investment scheme accessible to individual investors who want to invest in eligible PEA/PME securities and rights such as securities or rights issued by companies having their registered office in the European Economic Area, and complying with criteria indicated in Article L.221-32-2-2° of the French Monetary and Financial Code, of which a minimum of 50% is invested in equities or rights.

**Personal Account Number** The unique identification number issued to a Shareholder.

**PBOC** People’s Bank of China.

**REITs** means Real estate companies and Real Investment Trusts which are entities dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities. The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdictions in which it is established.

**PIR Sub-Funds** are Sub-Funds that are classified as “qualified investments” (*investimenti qualificati*) eligible for the long term saving plan called PIR(s) (*piani individuali di risparmio a lungo termine*) and accessible to individual investors resident in Italy, pursuant to art. 1, paragraphs 100 to 114, of Law no. 232 of 11 December 2016, as amended. PIR established until 31st December 2018 are subject to the original text of the above-mentioned art. 1, paragraphs 100 to 114 of Law no. 232 of 2016, before the subsequent amendments..

**PRC** The People’s of Republic of China.

**Prospectus** This document, as amended from time to time.

**Reference Currency** The currency of a Sub-Fund.

**QFI** A RMB qualified foreign investor.

**SAFE** The State Administration of Foreign Exchange of the PRC.

**SEHK** The Stock Exchange of Hong Kong.

**Settlement Day** The day on which monies are received (in respect of subscriptions) or dispatched (in respect of redemptions) by the depositary.

**Share** Share of any Sub-Fund (fully paid and of no par value).

**Share Class** Any class of Shares. A Share Class may have its own cost and fee structure, investment minimums, investor eligibility requirements, tax characteristics, and other features.

**Shareholder** Any person or entity owning Shares of any Sub-Fund.

**SICAV (Société d’investissement à capital variable)** AXA World Funds (or AXA WF).

**Social Bonds** Bonds financing new or existing projects targeting offering positive social outcome, such as social housing, access to education, improving gender equality, supporting employment in underserved regions, deploying microfinance, etc.

**Solidarity Assets** Securities issued by companies undertaking solidarity projects with a strong social and/or environmental utility such as support to people living in difficult circumstances, fight against exclusion and inequalities, preservation and development of the social link, maintenance and strengthening of territorial cohesion, contribution to sustainable development, etc.

**Stock Connect** The securities trading and clearing linked program with an aim to achieve mutual access between China’s and Hong Kong’s stock exchanges.

**Sub-Fund** Any sub-fund of the SICAV i.e. a portfolio of assets invested according to the investment objective of the Sub-Fund.

**Sub-Investment Grade** Rated below BBB- by Standard & Poor’s or equivalent ratings by Moody’s or Fitch or, if unrated, judged equivalent to those levels by the investment manager, unless specified otherwise in “Sub-Fund Descriptions”.

**Sustainability Bonds** Bonds whose proceeds will be exclusively applied to finance or re-finance a mixture of both green and social projects.

**Sustainable Investment** An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy,

renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

**Sustainability Risk** 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 the investment.

**Triple Forward Pricing Basis** A policy under which orders received and accepted by the registrar agent by 15:00 Luxembourg Time on a Business Day (D) are processed at the Dealing Price applicable to the second following Valuation Day (D+2).

**UCITS Directive** Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative positions relating to undertakings for collective investment in transferable securities (UCITS), as may be amended by the Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 as regards depositary remuneration policies and sanctions as amended from time to time.

**US** The United States of America, including its territories and possessions.

**US Person** As defined under Regulation S promulgated under the 1933 US Securities Act, as amended from time to time:

- (i) (a) any natural person resident in the United States;
- (b) any partnership or corporation organized or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - organized or incorporated under the laws of any foreign jurisdiction; and
  - formed by a US Person principally for the purpose of investing in securities not registered under the 1933 US Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 US Securities Act) who are not natural persons, estates or trusts;

(ii) notwithstanding (i) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States shall not be deemed a “US Person”;

(iii) notwithstanding (i) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a “US Person” if:

- (a) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
- (b) the estate is governed by foreign law;

(iv) notwithstanding (i) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a “US Person”;

(v) notwithstanding (i) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US Person";

(vi) notwithstanding (i) above, any agency or branch of a US Person located outside the United States shall not be deemed a "US Person" if:

(a) the agency or branch operates for valid business reasons; and

(b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;

(vii) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed "US Persons".

### Currency Abbreviations

ARS	Argentine peso
AUD	Australian dollar
BRL	Brazilian real
CAD	Canadian dollar
CHF	Swiss franc
CLP	Chilean peso
CNH	Chinese renminbi referencing the exchange rate of RMB outside of China
CNY	Chinese renminbi referencing the exchange rate of RMB in China
CZK	Czech koruna
DKK	Danish krone
EUR	Euro
GBP	British pound sterling
HKD	Hong Kong dollar
HUF	Hungarian forint
IDR	Indonesian rupiah
INR	Indian rupee
JPY	Japanese yen
KRW	South Korean won
MXN	Mexican peso
MYR	Malaysian ringgit
NZD	New Zealand dollar
NOK	Norwegian krone
PEN	Peruvian nuevo sol
PHP	Philippine peso
PLN	Polish zloty
RMB	Chinese renminbi
RUB	Russian ruble
SEK	Swedish krona
SGD	Singapore dollar
THB	Thai baht
TRY	Turkish new lira
TWD	New Taiwan dollar
USD	United States dollar
ZAR	South African rand

**Valuation Day** A Business Day on which a NAV is calculated for a Sub-Fund and on which orders to subscribe for, redeem or convert Shares are accepted and traded at the Dealing Price applicable to such Business Day. Unless stated otherwise in the description of a specific Sub-Fund, or unless a suspension of trading in Shares is in effect, every day that is a Business Day for a Sub-Fund is also a Valuation Day.

**"VER" or Verified Emission Reduction** are carbon credits exchanged on a voluntary market generated by projects with a positive impact in terms of CO2 emission reductions in accordance with a voluntary market standard and which enable also carbon finance to flow to land-based activities.

*Words and expressions that are not defined in the Prospectus but are defined in the 2010 Law have the same meaning as in the 2010 Law.*

# Information for investors in Switzerland

## 1. Swiss Representative

FIRST INDEPENDENT FUND SERVICES LTD., Feldeggstrasse 12, 8008 Zurich.

## 2. Swiss Paying Agent

NPB New Private Bank Ltd., Limmatquai 1, 8001 Zurich.

## 3. Place where the relevant documents may be obtained

The prospectus, the Key Information Documents (the « KID »), the articles of incorporation as well as the annual and semi – annual reports may be obtained free of charge from the Swiss Representative.

## 4. Publications

The publications of the SICAV in Switzerland are made on the electronic platform : [www.fundinfo.com](http://www.fundinfo.com)

The subscription and redemption prices of the shares, as well as the net asset values of the Sub Funds (with the mention «commissions not included»), are published in Switzerland every day on the electronic platform: [www.fundinfo.com](http://www.fundinfo.com)

## 5. Payment of retrocessions and rebates

a) The SICAV and its agents may pay retrocessions as remuneration for the distribution activity in respect of SICAV shares in or from Switzerland.

This remuneration is paid in particular for services which way include one or more of the following services in particular :

- the promotion (marketing) of the SICAV in Compliance with applicable regulations,
- providing legal documentation of the SICAV for the attention of investors,
- ensuring suitability and appropriateness of the SICAV with the investors' needs,
- providing regular reports to investors on their investments in the SICAV, and
- answering to investors' questions.
- Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

Information on the receipt of retrocessions is governed by the related provisions of the Federal Law on Financial Services Act (LSFin).

b) The SICAV and its agents may, upon request, pay rebates directly to investors. Rebates are used to reduce the fees or costs incurred by the investors concerned. Rebates are permitted subject to the following :

- they are paid from fees received by the SICAV and therefore do not represent an additional charge on the fund assets,
- they are granted on the basis of objective criteria,
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the SICAV are :

- the volume subscribed by the investor or the total volume they hold in the SICAV or, where applicable, in the product range of the promoter,
- the amount of the fees generated by the investor,
- the investment behavior shown by the investor (e.g. expected investment period),
- the investor's are willingness to provide support in the launch phase of a sub fund or a new class of shares of the SICAV.

At the request of the investor, the SICAV must disclose the amounts of such rebates free of charge.

## 6. Place of performance and jurisdiction

For the proposed actions in Switzerland, the place of performance is at the registered office of the representative. The place of jurisdiction is at the registered office of the Swiss representative or at the registered office/domicile of the investor.

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Biodiversity (The “Financial Product”)

**Legal entity identifier:** 213800NEL6BAVXHBH781

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 51%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 1%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and acting positively for the biodiversity by reducing or limiting negative impact of human's activities on biodiversity, and by applying an impact approach.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "**Benchmark**"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of worldwide companies of any market capitalization (the "**Investment Universe**").

## ● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicator:

- Product & Services score on UN Sustainable Development Goals (SDG) 2, 6, 12, 14, 15

The Financial Product aims at supporting the UN SDG that target preserving Biodiversity. Consequently, the Financial Product is measuring the attainment of this sustainable objective through the measurement of the SDG Product and Services Score for SDG 2 - Zero Hunger, SDG 6 - Clean Water and Sanitation, SDG 12 - Responsible Consumption and Production, SDG 14 - Life Below Water, SDG 15 - Life on Land on its assets and its Benchmark. This score is provided by an external data provider and is assessed through analysis of products and services of investee companies. Scores range from -10 (significant negative impact) to +10 (significant positive impact). Methodology to calculate the score across the 5 SDGs is defined by the external data provider and follows the rules: (a) if all 5 SDGs have positives scores, then the score retained is the maximum positive score, (b) if all 5 SDGs have negatives scores, then the worst score is retained, (c) if the scores on the 5 SDGs are a mix of positive and negative, then the score retained is the highest score (positive) plus the lowest (negative) score.

#### ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

#### *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>51</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>52</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis

<sup>51</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>52</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

by the AXA IM's Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>53</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 "Gender equality", SDGs 6 "Clean water and sanitation", SDG 8 "Economic growth", SDG 10 "Reduced inequalities", SDG 12 "Responsible production and consumption" and SDG 14 "Life below water") and AXA IM's framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>54</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>53</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>54</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

**The Paris-aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) listed in the table below apply only as from 27 December 2024.**

	Relevant AXA IM policies and regulatory requirements	PAI Indicator
Climate and other environment	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)



<b>related indicators</b>	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 5: Share of non-renewable energy consumption and production
	No significantly negative UN SDG Score	
	AXA IM Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>55</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
No significantly negative UN SDG Score		
No significantly negative UN SDG Score	PAI 8: Emissions to water	
No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio	
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>56</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	

<sup>55</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>56</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively

	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



### What investment strategy does this financial product follow?

In line with the sustainable investment objective described above, the Financial Product seeks to achieve its objectives by investing in sustainable companies that support on the long run the United Nations Sustainable Development Goals ("SDGs") with a focus on Zero Hunger (SDG 2), Clean Water and Sanitation (SDG 6), Responsible Consumption (SDG12), Life Below Water (SDG14) and Life on Land (SDG 15). For ESG selectivity purposes, the initial Investment Universe of the Financial Product will be large, mid and small cap companies across developed and emerging markets covering most of the global equity investment opportunity set. In the selection process the Financial Product primarily focuses on companies offering solutions to address biodiversity loss such as pollution on land and water, land degradation, fauna and flora protection, desertification, overconsumption and using external and internal SDGs alignment data to measure company contributions to the targeted SDGs.

#### As from 27 December 2024, the following applies:

In addition, the Investment Manager applies the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

The Financial Product also bindingly adopts at all times an environmental responsible investment "Best in Universe" selectivity approach. This selectivity approach consists in removing at least the 20% worst values of the Investment Universe, based on a combination of the sustainability-related exclusions

applicable to the Financial Product, notably described above, and their contribution to the SDGs 2, 6, 12, 14 and 15 (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets).

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

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The Financial Product bindingly applies at all times AXA IM's Impact approach for listed assets, according to which the Investment Manager applies an impact approach in the securities selection process, which considers five key pillars: intentionality (securities targeting a specific positive environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are judged on the likely ability to resolve unmet environmental or social needs), negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social performance of investments).

The Financial Product bindingly commits to have at all times at least 70% of assets invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

2. The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the

Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their Product & Services SDG score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Financial Product Sub-Fund, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and liquid assets held on an ancillary basis and solidarity assets.

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be

different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.





## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

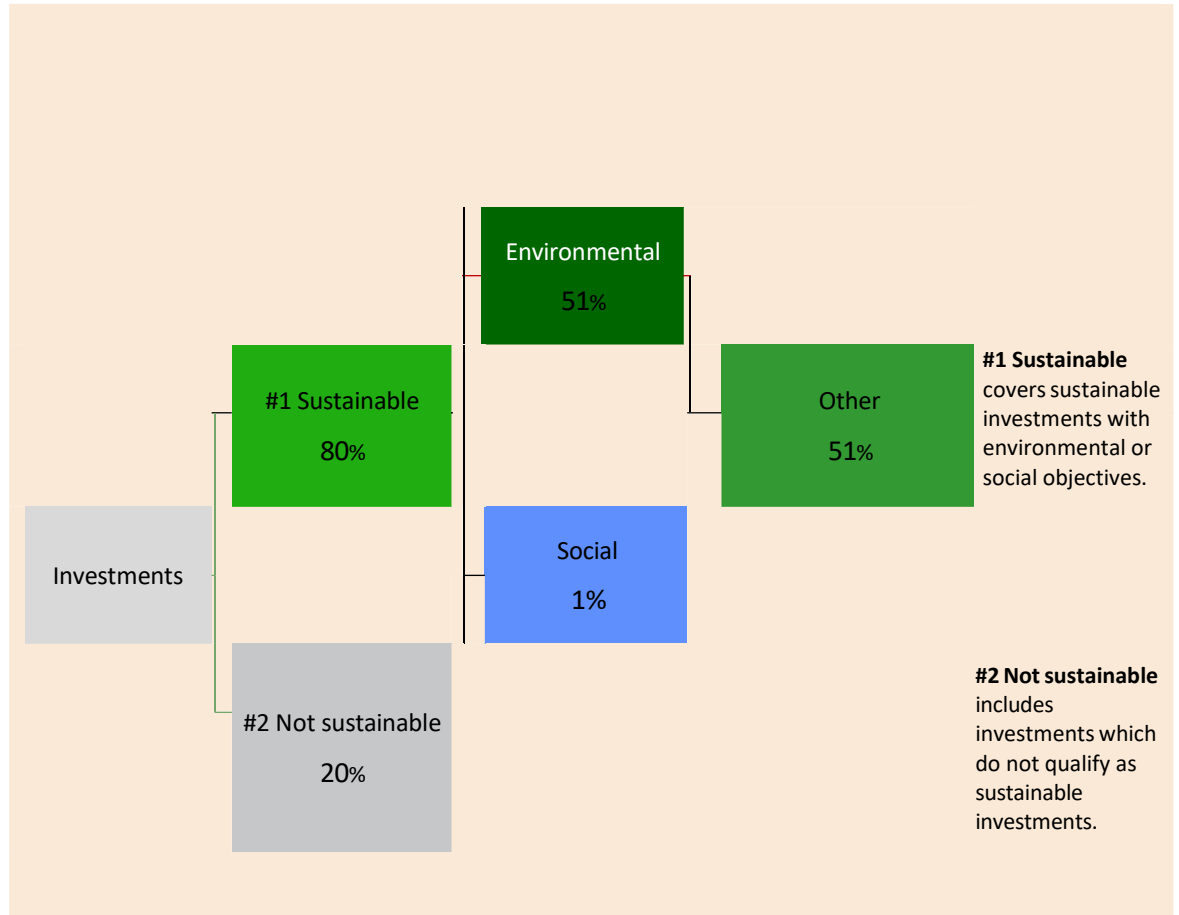
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>57</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

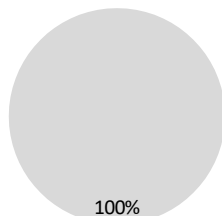
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

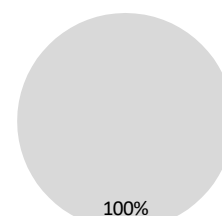
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>57</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 51% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 1% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Clean Economy (The “Financial Product”)

**Legal entity identifier:** 213800YSFEN3TI97J121

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 51%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 1%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs with a focus on environmental themes, by applying an impact approach.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (**the "Benchmark"**), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of worldwide companies of any market capitalization (**the "Investment Universe"**).

### ● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**



**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The level of Renewable Energy Production (MWh/€M EVIC) of the Financial Product and its Benchmark. This metric, provided by Trucost, represents the number of megawatt hours of renewable energy produced per million euros invested using the EVIC. The following renewable energy sources are considered in the calculation methodology: Biomass Power Generation; Geothermal Power Generation; Hydroelectric Power Generation; Solar Power Generation; Wave & Tidal Power Generation; and Wind Power Generation. For more details on the methodology, please refer to [Trucost Environmental Data Methodology Guide](#).

**Until 27 December 2024, the following applies:**

- The Percentage of companies in the GSS Watchlist & Non-compliant of the Financial Product and its Benchmark. The Sustainability's Global Standards Screening (GSS) assesses the impact that companies have on stakeholders and the extent to which companies cause, contribute or are linked to violations of international norms and standards. A company is assessed as Non-Compliant when it is determined to be causing or contributing to severe or systemic and/or systematic violations of international norms. A company is assessed as Watchlist if it is determined to be at risk of contributing to severe or systemic and/or systematic violations of international norms and standards.

**As from 27 December 2024, the following applies:**

- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

\*\*\*

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the sustainable investment objective described above.

### ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>58</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>59</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>58</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>59</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>60</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>61</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>60</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>61</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

The Paris-aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI Indicator
	AXA IM Climate Risk policy	

<b>Climate and other environment related indicators</b>	Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 5: Share of non-renewable energy consumption and production
	No significantly negative UN SDG Score	
	AXA IM Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>62</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
No significantly negative UN SDG Score		
No significantly negative UN SDG Score	PAI 8: Emissions to water	
No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio	
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>63</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>62</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>63</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively



	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



### What investment strategy does this financial product follow?

In line with the sustainable investment objective described above, the Financial Product seeks to deliver a positive and measurable impact on society by investing in issuers supporting on the long run the SDGs established by the United Nations with a focus on the environmental themes. Specifically, the Financial Product invests in worldwide companies that seek to offer growth potential and are active in the clean economy which includes areas such as the sustainable transport, renewable energies, responsible agriculture, food and water production and supplies and also recycling and waste reduction.

**As from 27 December 2024, the following applies:**

In addition, the Investment Manager applies the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

**Until 27 December 2024, the following applies:**

The Financial Product also seeks to achieve its objective through investments in sustainable securities by using a socially responsible investment "Best-in-Universe" selectivity approach on its investment universe, composed of equities of worldwide companies of any market capitalization, that is bindingly applied at all times. This selectivity approach consists in removing at least the 20% worst values of the investment universe, as defined above, based on a combination of AXA IM's Sectorial Exclusions and ESG Standards policies and the Environment pillar ("E scores") of issuers, to the exception of cash held on an ancillary basis and Solidarity Assets.

**As from 27 December 2024, the following applies:**

The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E SDGs to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

**What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

\*\*\*

The Financial Product bindingly applies at all times AXA IM's Impact approach for listed assets, according to which the Investment Manager applies an impact approach in the securities selection

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

process, which considers five key pillars: intentionality (securities targeting a specific positive environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are judged on the likely ability to resolve unmet environmental or social needs), negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social performance of investments).

The Financial Product bindingly commits to have at all times at least 70% of assets invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

**Until 27 December 2024, the following applies:**

2. The Financial Product also seeks to achieve its objective through investments in sustainable securities by using a socially responsible investment "Best-in-Universe" selectivity approach on its investment universe, composed of equities of worldwide companies of any market capitalization, that is bindingly applied at all times. This selectivity approach consists in removing at least the 20% worst values of the investment universe, as defined above, based on a combination of AXA IM's Sectorial Exclusions and ESG Standards policies and the Environment pillar ("E scores") of issuers, to the exception of cash held on an ancillary basis and Solidarity Assets.

The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions of which a "E score" based on environmental pillar. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E SDGs to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities

previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**Until 27 December 2024, the following applies:**

The Financial Product further outperform the Benchmark on the following extra financial key performance indicators (KPIs): Renewable Energy Production and Percentage of companies in the GSS Watchlist & Non-compliant.

The following coverage rates apply within the Financial Product's portfolio (expressed as a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, (ii) 90% for the Renewable Energy Production indicator and iii) 70% for the Percentage of companies in the GSS Watchlist & Non-compliant indicator.

**As from 27 December 2024, the following applies**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Renewable Energy Production and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Renewable Energy Production indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

\*\*\*

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the

lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.





## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

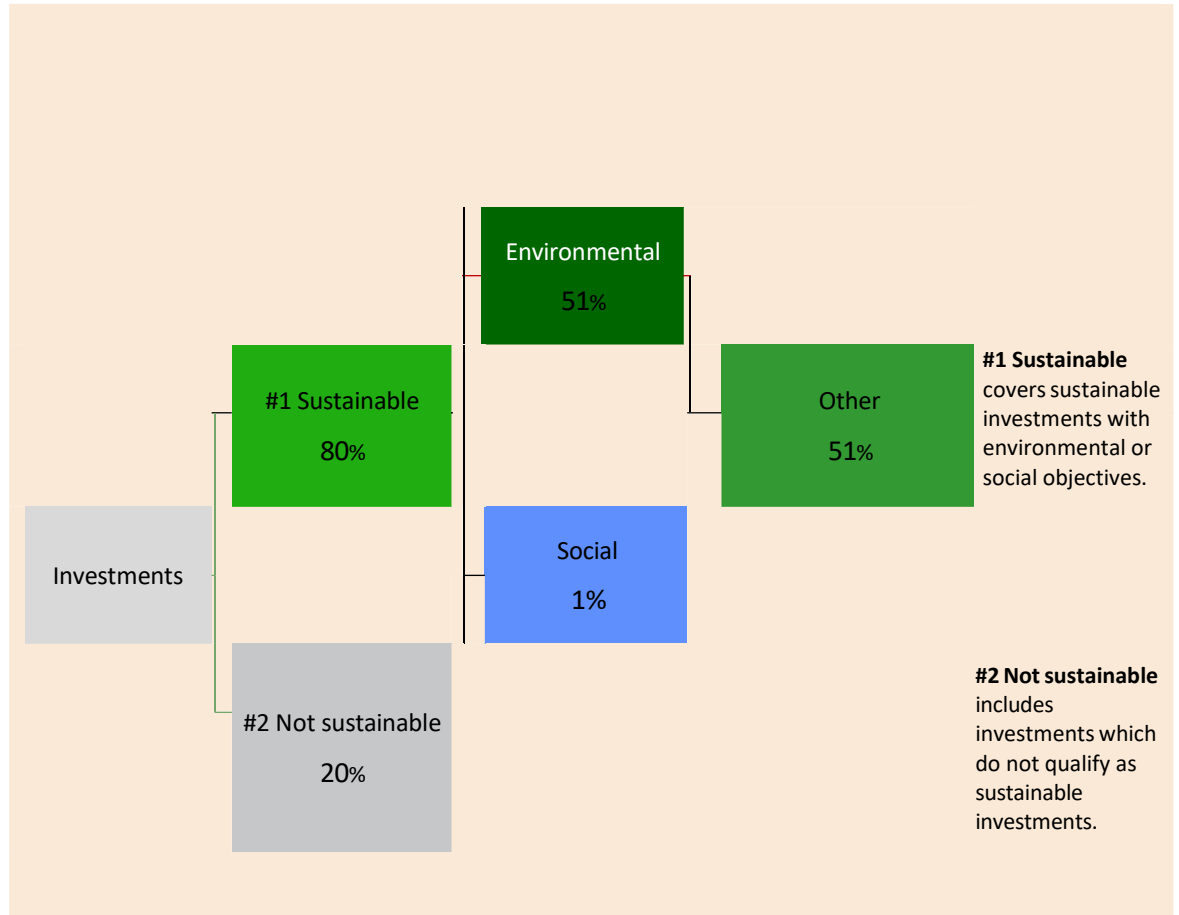
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable as the use of derivatives does not contribute to attaining the sustainable investment objective of the Financial Product.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>64</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

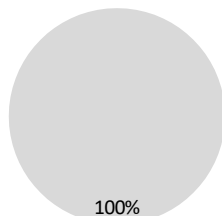
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

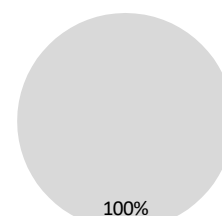
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>64</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 51% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 1% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Europe Equity (The “Financial Product”)

**Legal entity identifier:** 213800NQDIOBLYXILZ43

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

YES
  NO

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 15%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 15%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, MSCI Europe Total Return Net (**the "Benchmark"**), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of companies of all sizes domiciled in Europe (with the exception of bonds and other debts securities issued by public issues, cash held on an ancillary basis and solidarity assets) (**"Investment Universe"**).

## ● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**



**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the sustainable investment objective described above.

#### ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

#### ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>65</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>66</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>67</sup>.

<sup>65</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>66</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>67</sup> except for GSSBs (Green, Social or Sustainability Bonds)

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>68</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

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<sup>68</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI Indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
No significantly negative UN SDG Score		

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>69</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 8: Emissions to water
	No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>70</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	Controversial weapons policy	PAI 14: Exposure to controversial weapons
No significantly negative UN SDG Score		

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

<sup>69</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>70</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



In line with the sustainable investment objective described above, the Financial Product seeks to invest in equities of companies listed or domiciled in Europe which address the United Nations Sustainable Development Goals (SDGs) in their environmental and social dimension, i.e. SDG 1 - No Poverty, SDG 2 - Zero Hunger, SDG 3 - Good Health and Well-Being, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 6 - Clean Water and Sanitation, SDG 7 - Affordable and Clean Energy, SDG 8 - Decent Work and Economic Growth, SDG 9 - Industry, Innovation and Infrastructure, SDG 10 - Reduced Inequality, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life Below Water, SDG 15 - Life on Land, SDG 16 - Peace and Justice, Strong Institutions.

In addition, the Investment Manager applies the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

**Until 27 December 2024, the following applies:**

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below. The Financial Product bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non-financial criteria which consists of selecting best issuers in the Investment Universe, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 20% worst values of the Investment Universe (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets), using a combination of external and internal SDGs alignment data.

**As from 27 December 2024, the following applies:**

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below. The Financial Product bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non-financial criteria which consists of selecting best issuers in the Investment Universe, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 30% worst values of the Investment Universe (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets), using a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Overall Score.

**What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their SDGs Score to the exception of cash held on an ancillary basis and solidarity assets.

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 30% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Overall Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

\*\*\*

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation**  
describes the share of investments in specific assets.

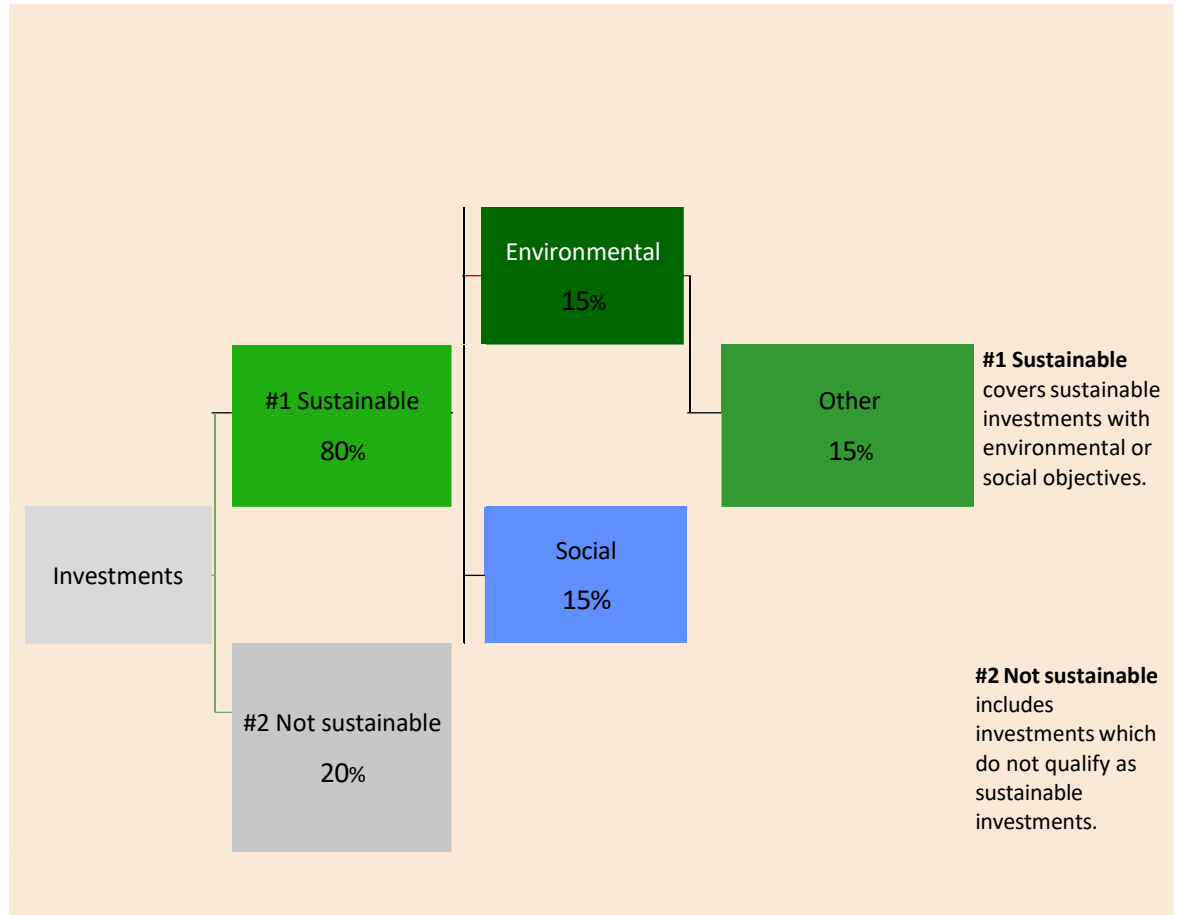
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.





## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>71</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

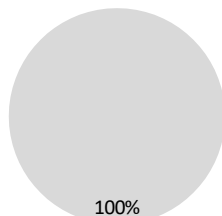
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

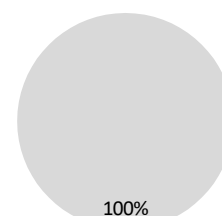
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>71</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 15% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 15% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Eurozone Equity (The “Financial Product”)

**Legal entity identifier:** 2138003LLF1182XFON77

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 15%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 15%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, EURO STOXX Total Return Net (**the "Benchmark"**), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of companies of all sizes domiciled in the Eurozone (with the exception of bonds and other debts securities issued by public issues, cash held on an ancillary basis and solidarity assets) (**"Investment Universe"**).

## ● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the sustainable investment objective described above.

### ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

### ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>72</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>73</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>74</sup>.

<sup>72</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>73</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>74</sup> except for GSSBs (Green, Social or Sustainability Bonds)

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>75</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

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<sup>75</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI Indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
No significantly negative UN SDG Score		

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>76</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 8: Emissions to water
	No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>77</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	Controversial weapons policy	PAI 14: Exposure to controversial weapons
No significantly negative UN SDG Score		

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

<sup>76</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>77</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

In line with the sustainable investment objective described above, the Financial Product seeks to invest in equities of companies listed in the Eurozone which address the United Nations Sustainable Development Goals (SDGs) in their social and environmental dimensions, i.e. SDG 1 - No Poverty, SDG 2 - Zero Hunger, SDG 3 - Good Health and Well-Being, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 6 - Clean Water and Sanitation, SDG 7 - Affordable and Clean Energy, SDG 8 - Decent Work and Economic Growth, SDG 9 - Industry, Innovation and Infrastructure, SDG 10 - Reduced Inequality, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life Below Water, SDG 15 - Life on Land, SDG 16 - Peace and Justice, Strong Institutions.

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

In addition, the Investment Manager applies the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

**Until 27 December 2024, the following applies:**

The Financial Product bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non-financial criteria which consists of selecting best issuers in the investable universe composed of equities listed in the Eurozone, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 20% worst values of the investment universe, composed of equities of companies of all sizes domiciled in the Eurozone (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets), using a combination of external and internal SDGs alignment data.

**As from 27 December 2024, the following applies:**

The Financial Product bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non-financial criteria which consists of selecting best issuers in the Investment Universe, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 25% worst values of the Investment Universe, using a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Score. The threshold will be increased to 30% starting from January 1st, 2026.

**● *What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.



observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non financial criteria which consists of selecting best issuers in the investable universe composed of equities listed in the Eurozone, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 20% worst values of the investment universe, composed of equities of companies of all sizes domiciled in the Eurozone (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets), using a combination of external and internal SDGs alignment data.

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

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AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG

scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

**Until 27 December 2024, the following applies:**

The following minimum coverage rates apply within the Financial Product's portfolio (expressed as a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on board indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

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Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

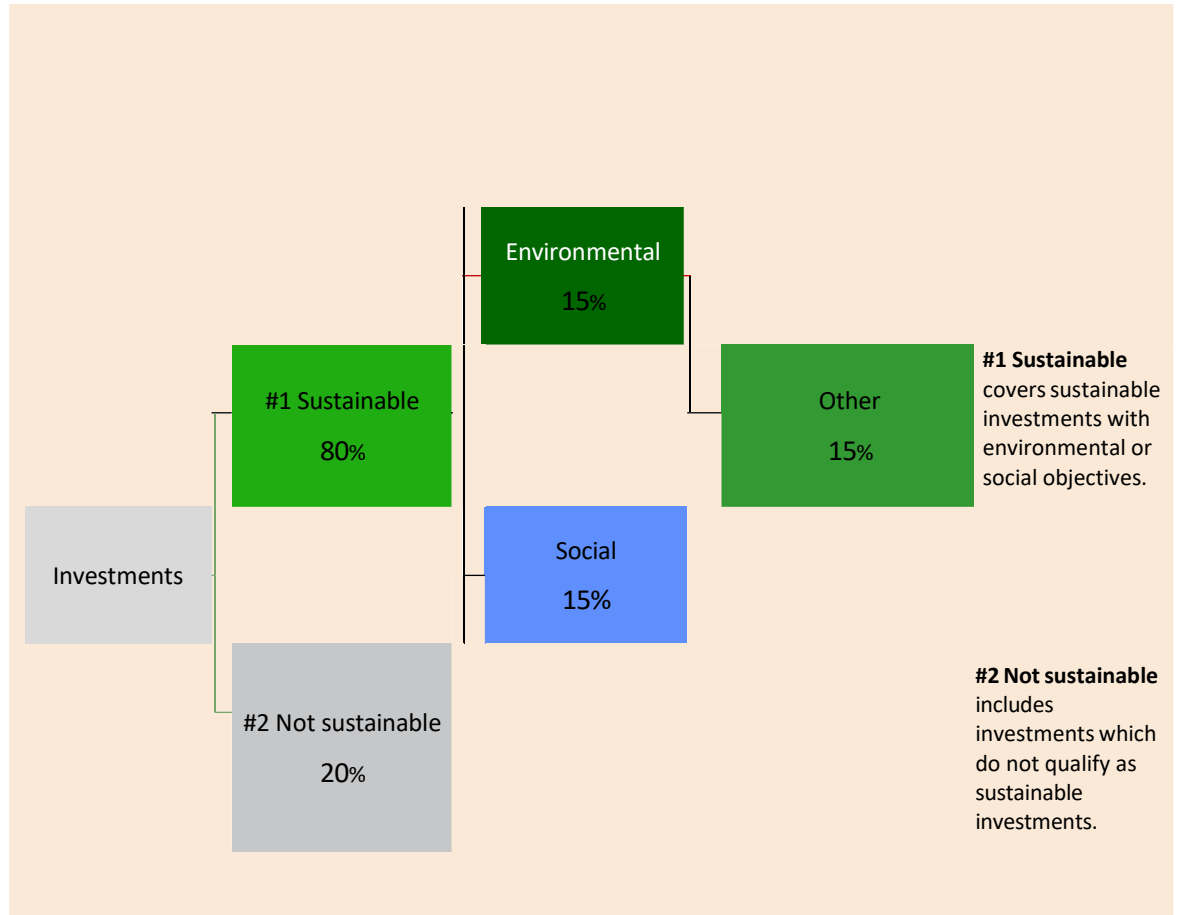
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>78</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

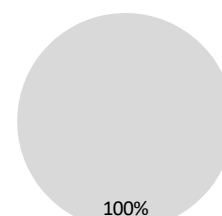
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>78</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 15% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 15% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Factors - Climate Equity Fund (The "Financial Product") **Legal entity identifier:** 213800KYJJ744RXXUS49

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 51%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 1%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks to achieve a sustainable investment objective by gaining exposure to companies helpful to the mitigation of climate change or energy transition towards greener sources in order to progressively align with the objectives of the Paris Agreement, complemented by offsetting fully or partially the carbon emissions of the Financial Product.

The Financial Product has designated the MSCI AC World Index as Benchmark. The benchmark is used for comparison purpose and to monitor the reduction in carbon intensity overtime as described in the binding elements section. The product aims to achieve a reduction in carbon emissions by investing in companies which offer solutions supporting the transition to a lower-carbon economy, as well as in companies which demonstrate a robust decarbonization strategy.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (**the "Benchmark"**), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of large, mid and small capitalization securities listed in developed and emerging markets countries. The investment universe of the Sub-Fund may extend to equity securities listed in eligible countries of the Benchmark that are not constituents of the Benchmark. (the "**Investment Universe**").

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

**Until 27 December 2024, the following applies:**

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicator:

- Carbon Intensity

Carbon Intensity by Revenues means Environmental Key Performance Indicator provided by an external data provider. The amount of Greenhouse Gas (GHG) released into the atmosphere per million \$ of revenue. It is expressed in CO<sub>2</sub>e tons per millions \$ revenue.

It is expressed in CO<sub>2</sub>e tons per millions \$ revenue.

In order to attain the sustainable investment objective described above, the Financial Product keeps its weighted average carbon intensity (WACI) lower than the carbon emissions benchmark (the "Emissions Benchmark"). The Emissions Benchmark is calculated initially as a 30% reduction of the WACI of the MSCI AC World Index as of 31st December 2019. Thereafter, the Emissions Benchmark will be calculated as a further 7% reduction of the WACI of the Emissions Benchmark per year, based on the WACI of the Emissions Benchmark from the previous year.

**As from 27 December 2024, the following applies:**

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The Greenhouse gas (GHG) emissions intensity of the Financial Product and of the Benchmark corresponds to the carbon emissions (covering at least scope 1 and 2) of a company normalized for size by dividing annual carbon emissions by Enterprise Value (EV – in millions of euros). The KPI is weighted. The GHG Emissions are provided by an external data provider and the KPI is computed internally.

In order to attain the sustainable investment objective described above, the Financial Product keeps its weighted average GHG Emissions Intensity lower than the carbon emissions benchmark (the "Emissions Benchmark"). The Emissions Benchmark is calculated initially as a 30% reduction of the weighted average GHG Emissions Intensity of the MSCI AC World Index as of 31st December 2019. Thereafter, the Emissions Benchmark will be calculated as a further 7% reduction of the weighted average GHG Emissions Intensity of the Emissions Benchmark per year, based on the weighted average GHG Emissions Intensity of the Emissions Benchmark from the previous year.

- The level of Renewable Energy Production (MWh/€M EVIC) of the Financial Product and its Benchmark. This metric, provided by Trucost, represents the number of megawatt hours of renewable energy produced per million euros invested using the EVIC. The following renewable energy sources are considered in the calculation methodology: Biomass Power Generation; Geothermal Power Generation; Hydroelectric Power Generation; Solar Power Generation; Wave & Tidal Power Generation; and Wind Power Generation. For more details on the methodology, please refer to [Trucost Environmental Data Methodology Guide](#).

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the sustainable investment objective described above.

**How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>79</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

- **Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>80</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>81</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>82</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights,

<sup>79</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>80</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>81</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>82</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Society, Labour and Environment. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

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Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

The Paris-aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI Indicator
	AXA IM Climate Risk policy	

<b>Climate and other environment related indicators</b>	Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 5: Share of non-renewable energy consumption and production
	No significantly negative UN SDG Score	
	AXA IM Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>83</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
No significantly negative UN SDG Score	PAI 8: Emissions to water	
No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio	
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>84</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>83</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>84</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively

	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



### What investment strategy does this financial product follow?

The Investment Manager uses proprietary quantitative models that incorporate both financial and non-financial data to select securities for the Financial Product. The Investment Manager's approach to portfolio construction is largely systematic, and an optimiser is used to structure the portfolio in a way that is intended to meet the investment objective. The optimiser is designed to consider each stock's factor exposure alongside its carbon intensity. This process tilts the portfolio toward stocks with lower carbon intensity, while maintaining the desired factor exposure. The decision to hold, buy or sell a security is based on both financial and non-financial data.

In addition, the Investment Manager implements a carbon emissions offsetting strategy through the use of VERs (Verified Emission Reduction) certificates, a type of carbon credits.

#### Until 27 December 2024, the following applies:

The Financial Product bindingly applies an ESG Score Upgrade Approach on its investment universe, according to which the ESG scoring of the Financial Product is higher than the scoring of the investment universe after removing at least the 20% worst ESG Scores.

#### As from 27 December 2024, the following applies:



In addition, the Investment Manager applies the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

The Financial Product also seeks to achieve its objective through investments in sustainable securities by using a socially responsible investment "Best-in-Universe" selectivity approach on its Investment Universe, that is bindingly applied at all times. This selectivity approach consists in removing at least the 30% worst values of the Investment Universe, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above and of issuers, and their E SDG score, to the exception of cash held on an ancillary basis and Solidarity Assets.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product bindingly applies an ESG Score Upgrade Approach on its investment universe, according to which the ESG scoring of the Financial Product is higher than the scoring of the investment universe after removing at least the 20% worst ESG Scores, on a weighted average basis.

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 30%

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E SDGs to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

3. The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Financial Product, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

**As from 27 December 2024, the following applies:**

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are GHG Emissions Intensity and Renewable Energy Production at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the

GHG Emissions Intensity indicator and iii) 55% for the Renewable Energy Production indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

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5. In addition, the Investment Manager balances decarbonization with investments into the low carbon economy by targeting exposure into low carbon economy by targeting exposure into climate solution providers and focusing on companies engaged on a decarbonization and transition pathway to progressively align with the objectives of the Paris Agreement.

6. The Financial Product keeps its weighted average GHG Emissions Intensity lower than the carbon emissions benchmark (the "Emissions Benchmark"). The Emissions Benchmark is calculated initially as a 30% reduction of the weighted average GHG Emissions Intensity of the MSCI AC World Index as of 31st December 2019. Thereafter, the Emissions Benchmark will be calculated as a further 7% reduction of the weighted average GHG Emissions Intensity of the Emissions Benchmark per year, based on the weighted average GHG Emissions Intensity of the Emissions Benchmark from the previous year.

7. In addition, to complement the sustainable approach of the Financial Product, the Investment Manager implements a carbon emissions offsetting strategy through the use of VERs (Verified Emission Reduction) certificates, a type of carbon credits that are held by AXA Investment Managers GS Limited.

The greenhouse gas emissions (GHG) of a company (expressed in CO<sub>2</sub>-equivalent emissions) can be measured by distinguishing between three sub-categories (called "Scopes"): Scope 1 (the company's direct emissions such as fuel oil consumption), Scope 2 (indirect emissions resulting from the company's activities such as fuel oil consumption by the company's electricity supplier) and Scope 3 (indirect emissions resulting from the use of products sold (such as fuel oil consumption by the client's electricity supplier resulting from using the product). Given the status of currently available data, CO<sub>2</sub> emissions relating to Scope 3 are incomplete and difficult to access and can therefore only be estimated. Scope 3 will therefore not be taken into account within the context of the Financial Product's carbon offsetting program. The Kyoto Protocol coming into force in 2005 imposed a requirement on ratifying countries to reduce their GHG emissions. In order to comply with their targets, signatory countries had a number of options available to them: to reduce their emissions, purchase GHG emission quotas or acquire carbon credits generated by carbon offset projects. A carbon credit is a unit corresponding to a reduction or a removal of one ton of CO<sub>2</sub> equivalent by a project that has invested in equipment and/or activities that reduce or remove GHGs from the atmosphere. The Kyoto Protocol introduced two offsetting mechanisms and a voluntary market also developed in parallel to those via VERs.

The Investment Manager selects underlying VERs projects that meet the highest standards of market certification (VCS, Gold standard in particular), are listed with a recognized independent register (as VERRA) and audited by a large international standardization body. The Investment Manager also considers the following criteria in its selection:

- The project type: projects demonstrating carbon reduction but also additional benefits for the protection of ecosystems and biodiversity, together with developmental goals for local community. For avoidance of doubt, the Investment Manager reserves the right to use various underlying VERs for the Financial Product,
- The project location: in countries with low and medium level of risks,
- The reputational risk associated with the project and holders of the VERs in the project,
- The project cost and availability volumes of VERs.

At the date of entry into force of this carbon footprint offsetting mechanism, the chosen project is: Reduction of deforestation and degradation in Tambopata National Reserve and Bahuaja-Sonene National Park within the area of Madre de Dios region – Perú. The Investment Manager reserves the right to use other underlying projects of VER. Furthermore, in case of exceptional events (war, political issue, fraud etc.) affecting the underlying projects on which the carbon offsetting mechanism is based,

the Investment Manager may withdraw the VERs issued. The list of VER underlying projects selected by the Investment Manager as well as their description and certification information are available at [Fund Center | AXA IM](#).

The estimated carbon emissions will be calculated on a quarterly periodic basis. The average estimated carbon emission of the Financial Product over the period is calculated as the daily weighted average of the assets under management multiplied by the carbon emissions level relating to the underlying assets. The source of the data used for computing portfolio carbon emissions is based on third-party providers data such as Trucost ([www.trucost.com](http://www.trucost.com)). The Investment Manager calculates the carbon emissions (Scope 1 and Scope 2) per million invested using the composition of the Financial Product's underlying assets and third-party source (such as Daily IQ Enterprise Value data of Bloomberg market value) and internal analysis to evaluate the issuer enterprise value (meaning the total value of a company) to establish the amount of VERs required to offset carbon emissions.

As an illustrative example of the process, the Investment Manager looks at the carbon footprint in tons per year at company level. For example, company A exhibits 7,000,000 tons of CO<sub>2</sub> per year with an enterprise value of USD 146,000,000,000 (the enterprise value being a measure of the company's total value taking account of its market capitalization, debt and subtracting cash and cash equivalent). On such basis, the Investment Manager can calculate the company A carbon intensity by enterprise value by dividing the company A carbon footprint (7,000,000 CO<sub>2</sub> tons/ year) by its enterprise value (USD 146,000,000,000) which result to 0.0048%, and then the company A carbon intensity per USD1m of enterprise value which results to 48 tons of CO<sub>2</sub> per USD 1 million of enterprise value for the company A. To determine the level of carbon intensity to be compensated due to the investment of the Financial Product in company A, the Investment Manager takes into account the weight of company A in the Financial Product's portfolio using daily average over a calendar quarter. In our example, for the company A this average weight is at 1% and the Financial Products assets under management is at USD300,000,000 meaning than the amount of the Financial Product's assets invested in company A over a quarter is on average USD3,000,000. The Investment Manager is then able to calculate the company A carbon intensity to be compensated by multiplying the Issuer carbon intensity by enterprise value (48 tons of CO<sub>2</sub> per USD 1 million of enterprise value) with the company A portfolio weight in the Financial Product over the quarter (3 million) which is equivalent to 144 tons of CO<sub>2</sub> per year. This process is replicated for all stocks held in the Financial Product to be able to calculate the total level of carbon intensity to be compensated at Financial Product level.

For calculating the annualized cost of the compensation, we consider the total portfolio carbon intensity of the Financial Product calculated as per the methodology explained above which is multiplied by the cost of 1 VER and divided by the Financial Product's asset under management. For illustrative purpose, if the total of tons of CO<sub>2</sub> per year to be compensated is at 14,384 tons, 1 VER equals one ton of CO<sub>2</sub> and the cost of 1 VER is USD7.62, the total annualized cost of the compensation at Financial Product level is calculated by taking the portfolio carbon intensity to be compensated (14,384) multiplied by the VER price (7,62) and divided by the Financial Product AUM (USD300,000,000) representing an annualized cost of 0.0365% of the Financial Product Net Asset Value.

Line	Item	Unit	Formula or source	Example
A	Issuer carbon footprint	Tons per year	S&P Global Trucost	7 000 000
B	issuer Enterprise value	USD (market cap. + debt)	S&P Global Trucost	146 000 000 000
C	Issuer carbon intensity by EV		$C = A / B$	0,0048%
D	Issuer carbon intensity by \$1m of EV	Tons of CO <sub>2</sub> per \$1m of EV		48
E	Issuer portfolio weight	Daily average	AXA IM & State Street	1,00%

F	Portfolio AUM	USD	AXA IM & State Street	300 000 000
G	Issuer carbon intensity to be compensated	Tons of CO2 per year	$G = C \times E \times F$	144
H	Portfolio carbon intensity to be compensated	Tons of CO2 per year	H = sum of G for all issuers held in the portfolio	14 384
I	VER price	USD per ton (incl. VAT)	ClimateSeed or other service providers	7,62
J	Cost of carbon compensation	Annualized cost (as % of NAV)	$J = H \times I / F$	0,0365%

Periodically, the Investment Manager will allocate a proportion of the management fees it receives to offsetting the carbon emissions of the Financial Product through an intermediary (such as [Climate Seed](#)) that carries out the offsetting with the central registry which issues confirmation and a carbon emission offset certificate. Within the context of this service and depending on the calculated amount, all acquired VERs will be cancelled, whereby offsetting will have been achieved to materialize the effective compensation.

The offsetting of the Financial Product's carbon emissions may be considered to be partial to the extent that (i) the Investment Manager does not take Scope 3 into account when calculating carbon emissions, (ii) it only offsets carbon emissions relating to the composition of the Financial Product's underlying assets and (iii) the carbon emissions offsetting fees shall account for a maximum of 0.20% including VAT if applicable of the net assets of the Financial Product.

Shareholders can find more information on the carbon footprint of the Financial Product's portfolio and the carbon offsetting in the Financial Product's monthly reporting.

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation**  
describes the share of investments in specific assets.

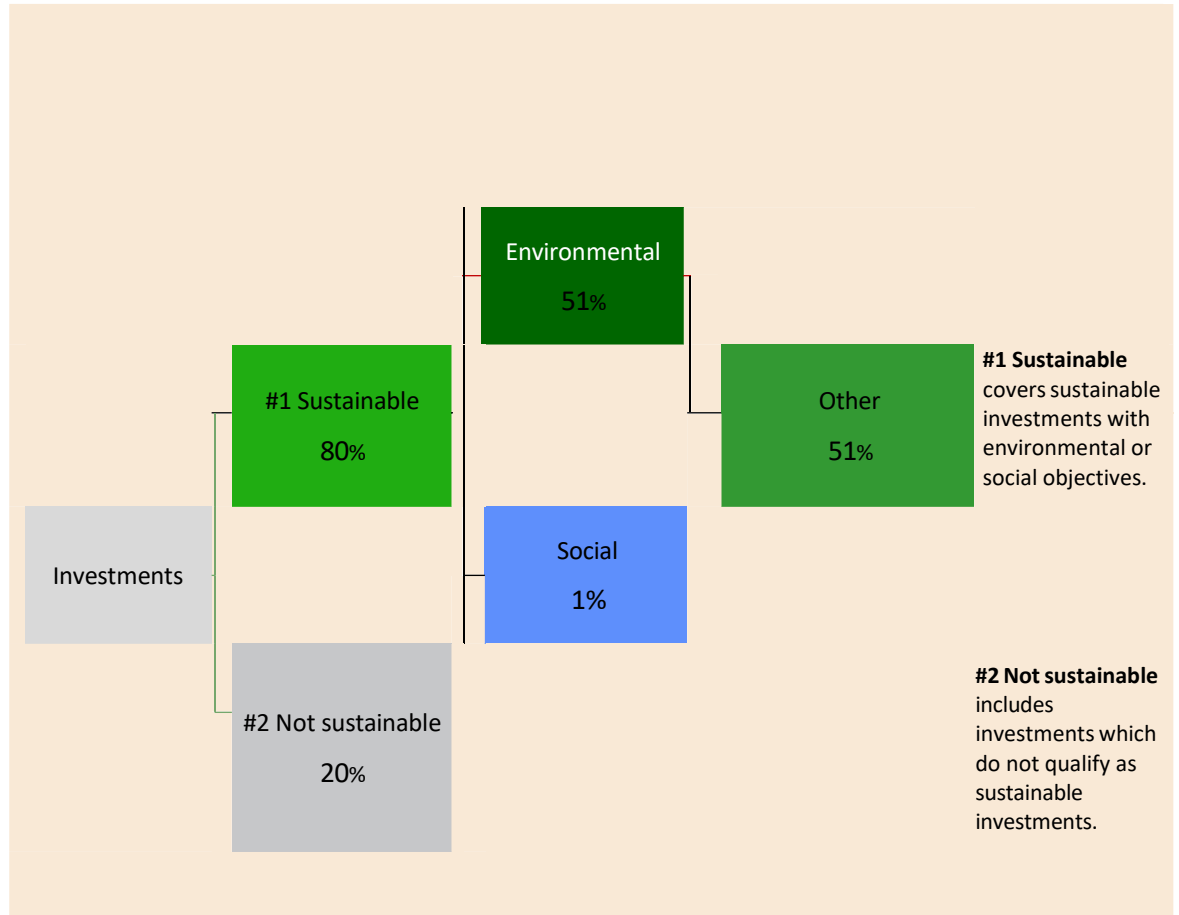
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>85</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

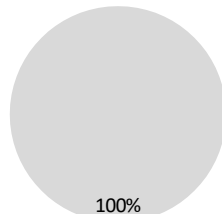
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

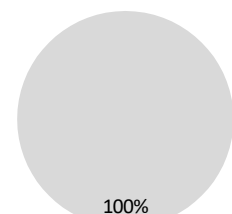
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>85</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 51% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 1% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Human Capital (The “Financial Product”)

**Legal entity identifier:** 2138002K7PEDAMUO9B79

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 1%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 51%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) with a focus on the social themes by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and that create financial and societal value and by applying an impact approach with a focus on Human capital management.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, 50% STOXX Europe Small 200 Total Return Net + 50% STOXX Europe Mid 200 Total Return Net (**the "Benchmark"**), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of small and medium capitalisation companies domiciled or listed in the European geographical area (the **"Investment Universe"**).

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The sustainability indicator used to measure the attainment of the support on the long run the UN SDGs with a focus on the social themes, such as the promotion of education and labour upskilling (SDG 4) and the promotion of inclusive economic growth and decent work for all (SDG 8) is the "**Human Capital Score**" measured on the Financial Product's assets and its Benchmark.

The "**Human Capital score**" is based on the ESG scoring methodology and data points on the Social pillar from an external data provider as primary inputs. Data points are assessed across Human Capital theme that includes 4 key issues: labour management, human capital development, health& safety and supply chain labour standards. Human Capital score is calculated based on the weighted average of the underlying Key Issue's Scores. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the rating provided that it is approved by AXA IM dedicated internal governance body.

● **How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-

the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>86</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>87</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

<sup>86</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>87</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

### **Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>88</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>89</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>88</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>89</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards, cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Climate Transition Benchmarks (CTB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(c), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

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Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

The Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI Indicator
	AXA IM Climate Risk policy	

<b>Climate and other environment related indicators</b>	AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	No significantly negative UN SDG Score	
	AXA IM Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>90</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
No significantly negative UN SDG Score		
No significantly negative UN SDG Score	PAI 8: Emissions to water	
No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio	
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>91</sup> Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c))	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity	
No significantly negative UN SDG Score		

<sup>90</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>91</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively



	AXA IM Controversial weapons policy Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c))	PAI 14: Exposure to controversial weapons
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For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



### What investment strategy does this financial product follow?

In line with the sustainable investment objective described above, the Financial Product is actively managed with a Responsible Investment (RI) process to capture opportunities in European equity market, by mainly investing in equities of companies that are part of the Benchmark. For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product, but is used as a reference for its financial objective.

The Financial Product aims to support on the long run the SDGs established by the United Nations with a focus on the social themes, such as the promotion of education and labour upskilling (SDG 4) and the promotion of inclusive economic growth and decent work for all (SDG 8).

#### Until 27 December 2024, the following applies:

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

Moreover, the Financial Product bindingly uses at all times a socially responsible investment "Best-in-Class" selectivity approach. This selectivity approach consists in removing at least the 20% worst values of the investment universe, that is defined as equities of small and medium capitalisation companies domiciled or listed in the European geographical area, based on a combination of AXA IM's Sectorial Exclusions and ESG Standards policies and their extra-financial scores with a focus on the Human Capital score composed of three equally weighted factors, which are Career Management, Working Conditions and Social Dialogue, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

#### As from 27 December 2024, the following applies:

In addition, the Investment Manager applies the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) exclusion criteria for Climate Transition Benchmarks

(CTB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(c).

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

Moreover, the Financial Product bindingly uses at all times a socially responsible investment "Best-in-Class" selectivity approach. This selectivity approach consists in removing at least the 25% worst values of the Investment Universe, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their Human Capital score composed of three equally weighted factors, which are Career Management, Working Conditions and Social Dialogue, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets. The threshold will be increased to 30% starting from January 1st, 2026.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Financial product applies Climate Transition Benchmarks (CTB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(c) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises. Those exclusion requirements are already covered through the application of AXA IM Sectorial Exclusions and ESG Standard policies.

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The Financial Product bindingly applies at all times AXA IM's Impact approach for listed assets according to which the Investment Manager applies an impact approach in the securities selection process, which considers five key pillars: intentionality (securities targeting a specific positive environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are judged on the likely ability to resolve unmet environmental or social needs), negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social performance of investments).

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Financial Product bindingly commits to have at all times at least 70% of assets invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

**Until 27 December 2024, the following applies:**

3. Moreover, the Financial Product bindingly uses at all times a socially responsible investment "Best-in-Class" selectivity approach. This selectivity approach consists in removing at least the 20% worst values of the investment universe, that is defined as equities of small and medium capitalisation companies domiciled or listed in the European geographical area, based on a combination of AXA IM's Sectorial Exclusions and ESG Standards policies and their extra-financial scores with a focus on the Human Capital score composed of three equally weighted factors, which are Career Management, Working Conditions and Social Dialogue, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets. The investments in securities outside the investment universe, as defined above, is limited to maximum.

**As from 27 December 2024, the following applies:**

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their Human Capital score composed of three equally weighted factors, which are Career Management, Working Conditions and Social Dialogue, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the Investment Universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate

methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

**Until 27 December 2024, the following applies:**

The following coverage rates apply within the Financial Product's portfolio (expressed as of a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, (ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

\*\*\*

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to

UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

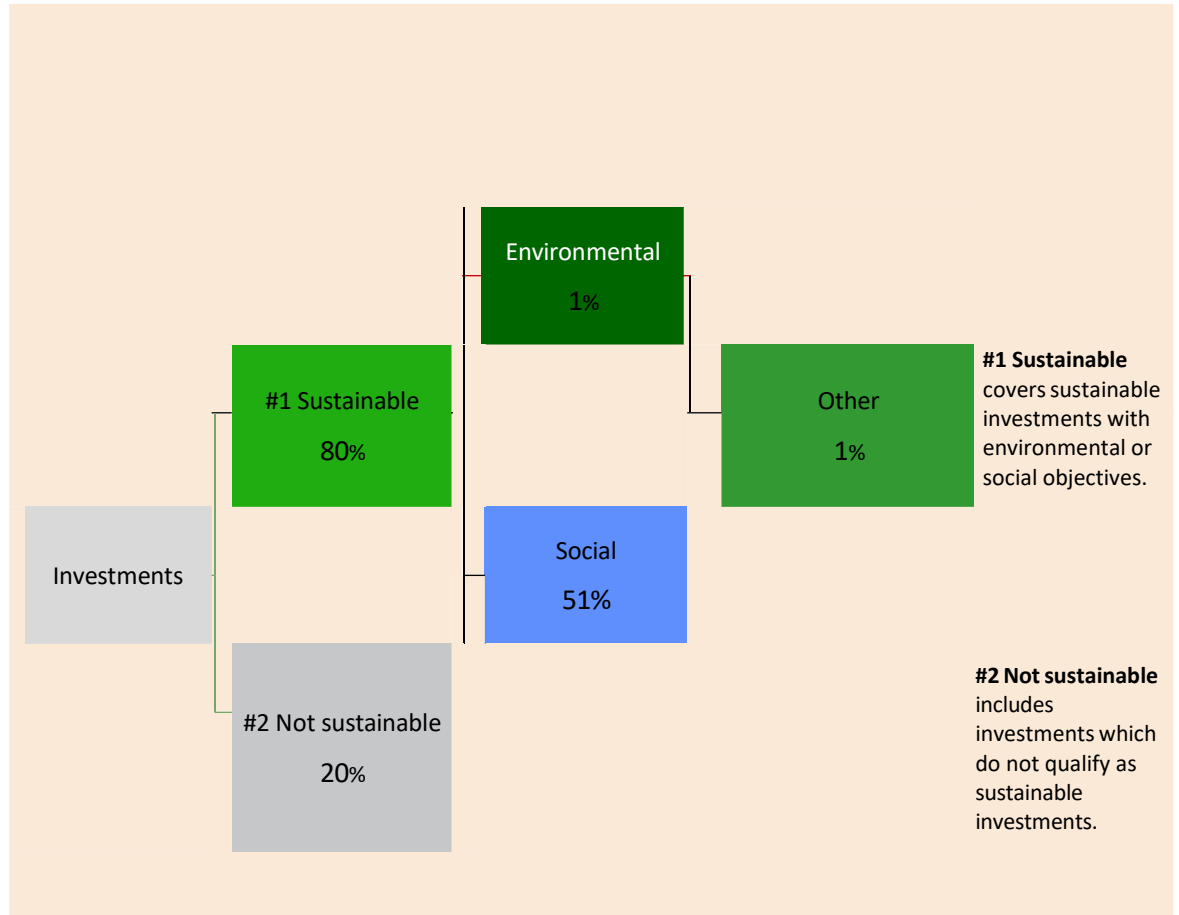
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.





## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>92</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

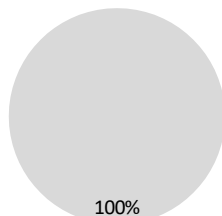
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

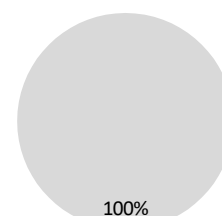
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>92</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 51% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Social Progress (The “Financial Product”)

**Legal entity identifier:** 213800Z5DWFODAPKIC63

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 1%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 51%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and that create financial and societal value by fostering social progress.

In line with this sustainable investment objective, the Financial Product seeks to deliver a positive and measurable impact on society, and more specifically targets the areas of social progress such as housing and essential infrastructure, financial and technology inclusion, healthcare solutions, wellbeing and safety, education and entrepreneurship through the support of the United Nations Sustainable Development Goals (SDGs) in their social dimension.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "**Benchmark**"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of companies of any sector and market capitalisation in developed or emerging markets (the "Investment Universe").

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- the "**Social Product & Service score**" on its assets and its Benchmark.

This sustainability indicator assesses the contribution of investee companies' product and services to the UN SDGs that have a direct social dimension: alleviating poverty and access to essential products and services (SDG 1), access to safe and nutritious food (SDG 2), the promotion of health, safety and well-being (SDG 3), the promotion of education and labour upskilling (SDG 4), the attainment of gender equality (SDG 5), access to safe water and sanitation (SDG 6), access to modern and affordable electricity (SDG 7), the promotion of inclusive economic growth and decent work for all (SDG 8), the promotion of an industrialization inclusive of small businesses and fostering innovation (SDG 9), the reduction of social inequalities (SDG 10), the making of safe, resilient and affordable human settlements (SDG 11) and the promotion of peace and justice and the fight against all forms of organized crime (SDG 16).

This "**Social Product & Service score**" is provided by an external data provider, is assessed through analysis of products and services of investee companies to social SDGs and may be supplemented by qualitative internal analysis. SDG scores range from -10 (significant negative impact) to +10 (significant positive impact).

● ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

How have the indicators for adverse impacts on sustainability factors been taken into account?

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>93</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>94</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>93</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>94</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>95</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>96</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>95</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>96</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards, cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Climate Transition Benchmarks (CTB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(c), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

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Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

The Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c)) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI Indicator
	AXA IM Climate Risk policy	

<b>Climate and other environment related indicators</b>	AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	No significantly negative UN SDG Score	
	AXA IM Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>97</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
No significantly negative UN SDG Score		
No significantly negative UN SDG Score	PAI 8: Emissions to water	
No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio	
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>98</sup> Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c))	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity	
No significantly negative UN SDG Score		

<sup>97</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>98</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively

	AXA IM Controversial weapons policy Climate Transition Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(c))	PAI 14: Exposure to controversial weapons
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For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

In line with the sustainable investment objective described above, the Financial Product seeks to deliver both a financial return, and a positive and measurable impact on society, and more specifically social issues. The Financial Product mainly invests in worldwide listed equities which address the United Nations Sustainable Development Goals (SDGs) in their social dimension.

The Financial Product seeks to deliver both a financial return, and a positive and measurable impact on society, and more specifically social issues. The Financial Product mainly invests in worldwide listed equities which address the United Nations Sustainable Development Goals (SDGs) in their social dimension. The following SDGs have a direct social dimension: alleviating poverty and access to essential products and services (SDG 1), access to safe and nutritious food (SDG 2), the promotion of health, safety and well-being (SDG 3), the promotion of education and labour upskilling (SDG 4), the attainment of gender equality (SDG 5), access to safe water and sanitation (SDG 6), access to modern and affordable electricity (SDG 7), the promotion of inclusive economic growth and decent work for all (SDG 8), the promotion of an industrialization inclusive of small businesses and fostering innovation (SDG 9), the reduction of social inequalities (SDG 10), the making of safe, resilient and affordable human settlements (SDG 11) and the promotion of peace and justice and the fight against all forms of organized crime (SDG 16). Specifically, the Fund aims to target the areas of social progress highlighted by those SDGs such as: housing and essential infrastructure, financial and technology inclusion, healthcare solutions, well-being and safety, education and entrepreneurship.

### As from 27 December 2024, the following applies:

In addition, the Investment Manager applies the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) exclusion criteria for Climate Transition Benchmarks (CTB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(c).

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

**Until 27 December 2024, the following applies:**

The Financial Product bindingly applies at all times a socially responsible investment "Best-in-Universe" selectivity approach. This approach consists of removing at least the 20% worst values of the investment universe, composed of companies of any sector and market capitalisation in developed or emerging markets, based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and SDGs alignment data, (with the exception of cash held on an ancillary basis and solidarity assets).

**As from 27 December 2024, the following applies:**

The Financial Product bindingly applies at all times a socially responsible investment "Best-in-Universe" selectivity approach. This approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their S SDGs to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

**What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Financial product applies Climate Transition Benchmarks (CTB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(c) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises. Those exclusion requirements are already covered through the application of AXA IM Sectorial Exclusions and ESG Standard policies.

\*\*\*

The Financial Product bindingly applies at all times AXA IM's Impact approach for listed assets, according to which the Investment Manager applies an impact approach in the securities selection process, which considers five key pillars: intentionality (securities targeting a specific positive

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are judged on the likely ability to resolve unmet environmental or social needs), negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social performance of investments).

The Financial Product bindingly commits to have at all times at least 70% of assets invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

**Until 27 December 2024, the following applies:**

3. The Financial Product bindingly applies at all times a socially responsible investment "Best-in-Universe" selectivity approach. This approach consists of removing at least the 20% worst values of the investment universe, composed of companies of any sector and market capitalisation in developed or emerging markets, based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and SDGs alignment data, (with the exception of cash held on an ancillary basis and solidarity assets).

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their S SDGs to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate



methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the Investment Universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**Until 27 December 2024, the following applies:**

The Financial Product further outperforms the MSCI AC World Total Return benchmark index (the "Benchmark") on the following extra financial key performance indicators: Carbon Intensity and Water Intensity.

4. The following minimum coverage rates apply within the Financial Product's portfolio (expressed as a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

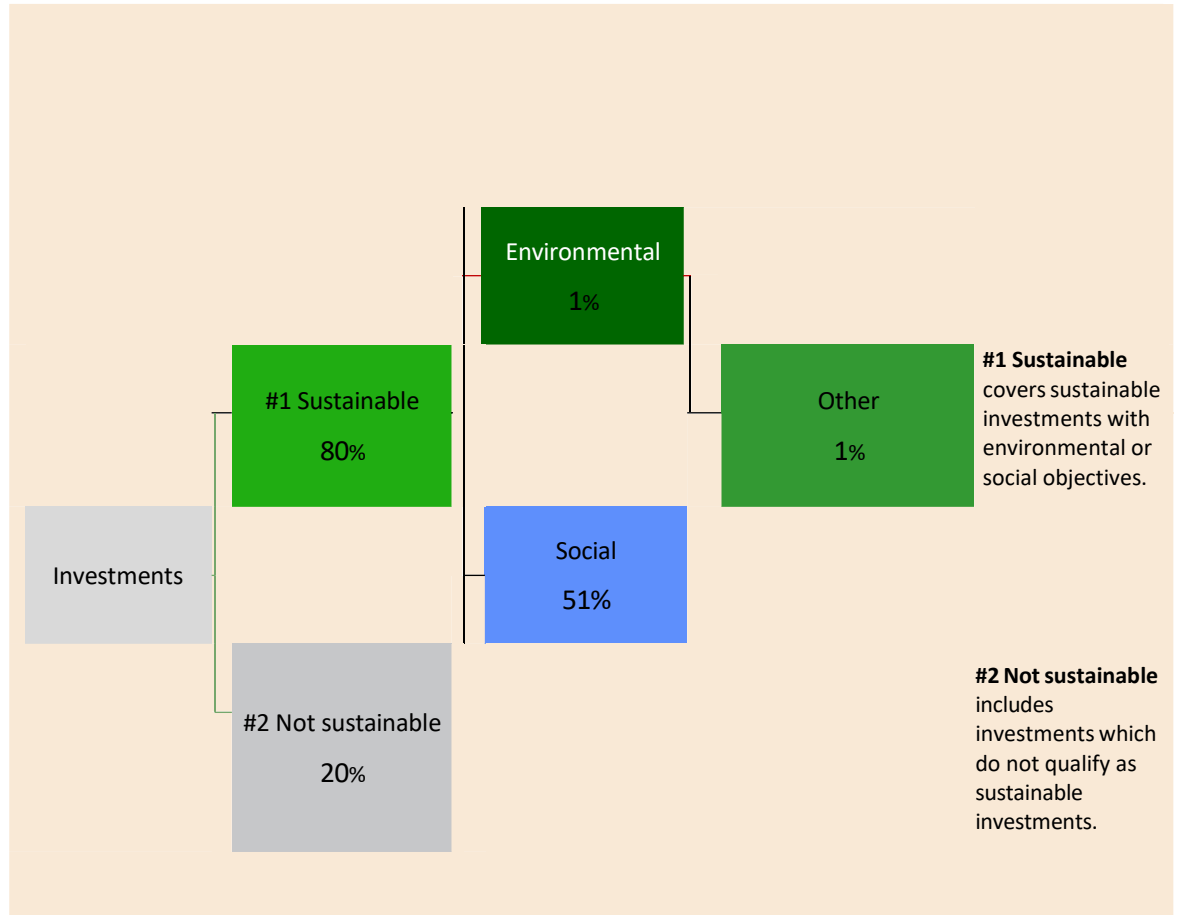
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>99</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

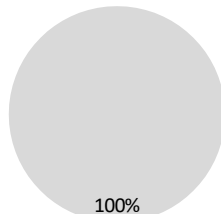
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

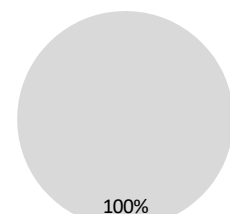
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>99</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 51% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS ACT Emerging Markets Short Duration Bonds Low Carbon (The “Financial Product”)

**Legal entity identifier:** 2138006QV9ITIYYGQQ04

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation’s (ILO) Conventions or the OECD guidelines for Multinational Enterprises



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, 75% J. P. Morgan Corporate Emerging Market Bond Index Broad Diversified + 25% J. P. Morgan Emerging Market Bond Global Diversified (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability

strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>100</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>101</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9), share of non-renewable energy consumption and production (PAI 5), unadjusted gender pay gap (PAI 12) and Board Gender diversity (PAI 13). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>100</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>101</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>102</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>103</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

<sup>102</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>103</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product has the opportunity to invest in issuers who are transitioning to a more carbon sustainable path in sectors such as renewable energy and basic industry issuers who are focusing on de-carbonising their process and supply-chain.

The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

The Financial Product also uses the Water intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies

which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

2. The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

The Financial Product also uses the Water intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

3. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

4. The Financial Product completely excludes from its Investment Universe the securities of all issuers exceeding 800 CO<sub>2</sub>s tons/mn\$ revenue and non-green steel and oil sovereign owned entities. The Financial Product aims at excluding securities within the most carbon-intensive sectors such as utilities and basic industries (e.g. metals and protein producers).

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



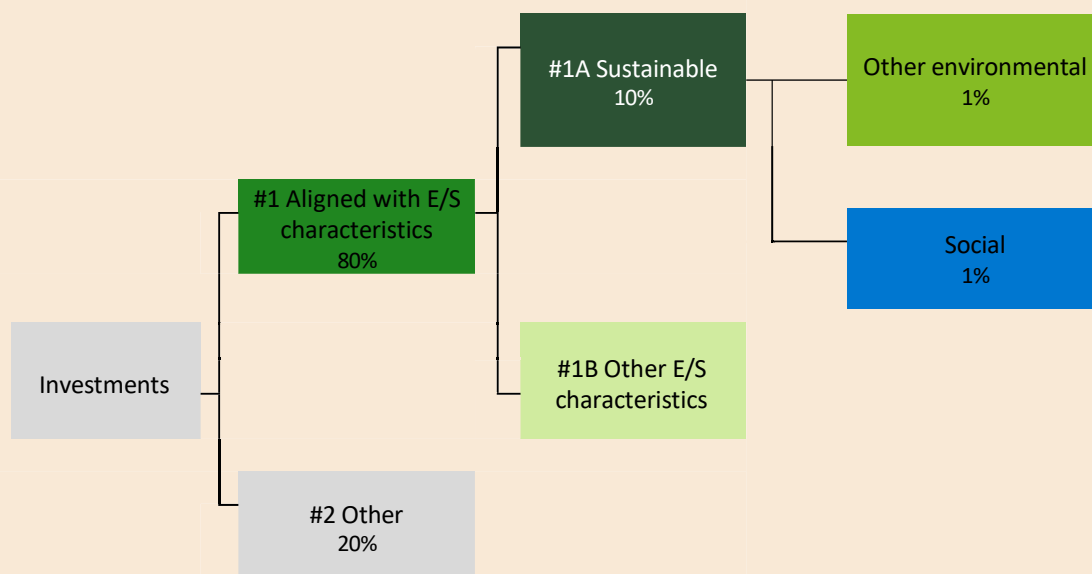


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>104</sup> ?**

Yes

In fossil gas

In nuclear energy

No

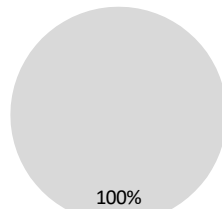
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

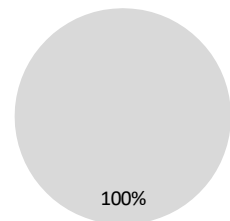
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>104</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS ACT European High Yield Bonds Low Carbon (The "Financial Product") **Legal entity identifier:** 213800LKVLZX3UIPDE25

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA European Currency High Yield Hedged EUR (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

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The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

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The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

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3. **Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint



	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>105</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>106</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>105</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>106</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>107</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>107</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>108</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>108</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

The Financial Product also uses the Water Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

2. The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

The Financial Product also uses the Water Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

3. The following minimum coverage rates apply within the Financial Product portfolio (expressed as a percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

4. The Financial Product excludes from its Investment Universe the majority of securities within carbon intensive sub-sectors. These sub-sectors include Metals, Mining and Steel Producers and most sub-sectors within the Energy and Utility sectors.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

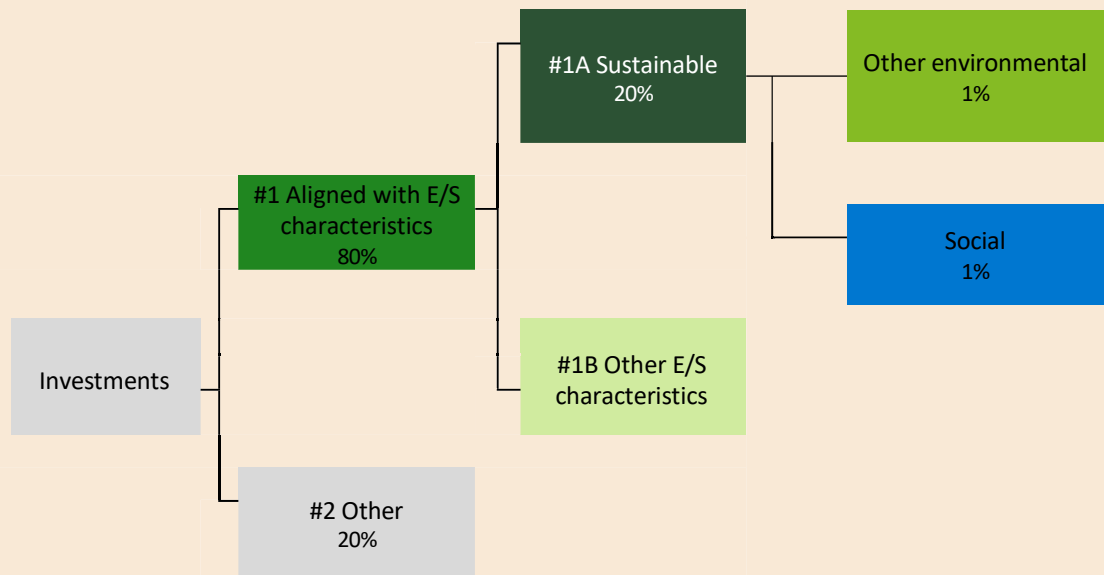


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>109</sup> ?**

Yes

In fossil gas

In nuclear energy

No

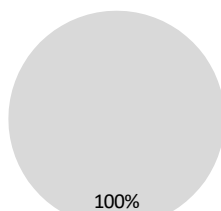
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

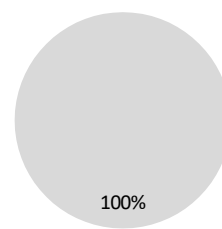
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds\***



2. Taxonomy-alignment of investments **excluding sovereign bonds\***



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the criteria** for

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>109</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

environmentally sustainable economic activities under the EU Taxonomy.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS ACT Green Bonds (The “Financial Product”)

**Legal entity identifier:** 21380049TNZVOFLO2707

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 80%</b></p> <p><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___ % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs, and/or by applying an impact approach with a focus to financing the transition to a more sustainable and low carbon economy.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to consider any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is taking into consideration the criteria of the EU Taxonomy environmental objectives. It aims at considering (1) climate change mitigation and (2) climate adaptation objectives.

The Financial Product has designated the ESG benchmark ICE BofA Green Bond Hedged EUR as a reference benchmark.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The Financial Product uses the percentage of investments in Green Bonds (based on its net assets) as its sustainability indicator in order to measure the attainment of its sustainable objective which aims at purchasing bonds where the proceeds are earmarked for projects which support a low carbon economy or the basic needs of underserved populations and communities, by financing initiatives such as renewable energy, pollution prevention, access to healthcare, affordable housing and women empowerment.

The Financial Product invests minimum 75% of its net assets in bonds financing environmental projects (Green Bonds) and Sustainability Bonds.

● ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

The Financial Product also complies with the DNSH principle under the Taxonomy Regulation.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>110</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>110</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>111</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>112</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>113</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>111</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>112</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>113</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI Indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
No significantly negative UN SDG Score		

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>114</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 8: Emissions to water
	No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>115</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	Controversial weapons policy	PAI 14: Exposure to controversial weapons
No significantly negative UN SDG Score		

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

<sup>114</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>115</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

In line with the sustainable investment objective described above, the Financial Product is actively managed in reference to the BofA Green Bond Hedged benchmark index (the "Benchmark") which is aligned with the sustainable investment objective of the Financial Product.

The Financial Product adopts a green and social impact investing approach that aims to support on the long run the Sustainable Development Goals (SDGs) established by the United Nations with a focus on the environmental themes (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and involves purchasing bonds where the proceeds are earmarked for projects which support a low carbon economy or the basic needs of underserved populations and communities, by financing initiatives such as renewable energy, pollution prevention, access to healthcare, affordable housing and women empowerment.

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In the securities selection process, the Investment Manager applies a proprietary green, social and sustainability bonds assessment framework, mainly based on the ICMA Green and Social Bond Principles ("GSBP") and the Climate Bonds Initiative ("CBI") guidelines. The Investment Manager employs a rigorous internal green, social and sustainability bonds selection process by filtering out bonds which are not in line with our internal green, social and sustainability bonds requirements.

AXA IM's green, social and sustainability bond framework is composed of four pillars: 1/ the environmental, social and governance (ESG) quality of the issuer (a firm needs to demonstrate minimum ESG commitments, to ensure that corporations properly deal with environmental and social risks in the projects financed and that the green projects being financed are strategic activities); 2/ the use of proceeds of a green, social or sustainability bond should reflect the issuer's efforts towards improving the environment and society and its overall sustainability strategy, full transparency regarding the projects financed and tracking the proceeds being essential; 3/ management of proceeds (an issuer must have sufficient guarantees in place to ensure the proceeds of the bond will effectively finance the eligible projects); 4/ ESG impact (particular attention is paid to impact reporting, where both qualitative and quantitative indicators are expected, allowing to demonstrate the positive impact of a bond on the environment and society).

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Financial Product invests minimum 75% of its net assets in bonds financing environmental projects (Green Bonds).

3. The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Financial Product, with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis, and Solidarity Assets.

Where the Financial Product invests in assets in the context of primary debt market issuance that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation**  
describes the share of investments in specific assets.

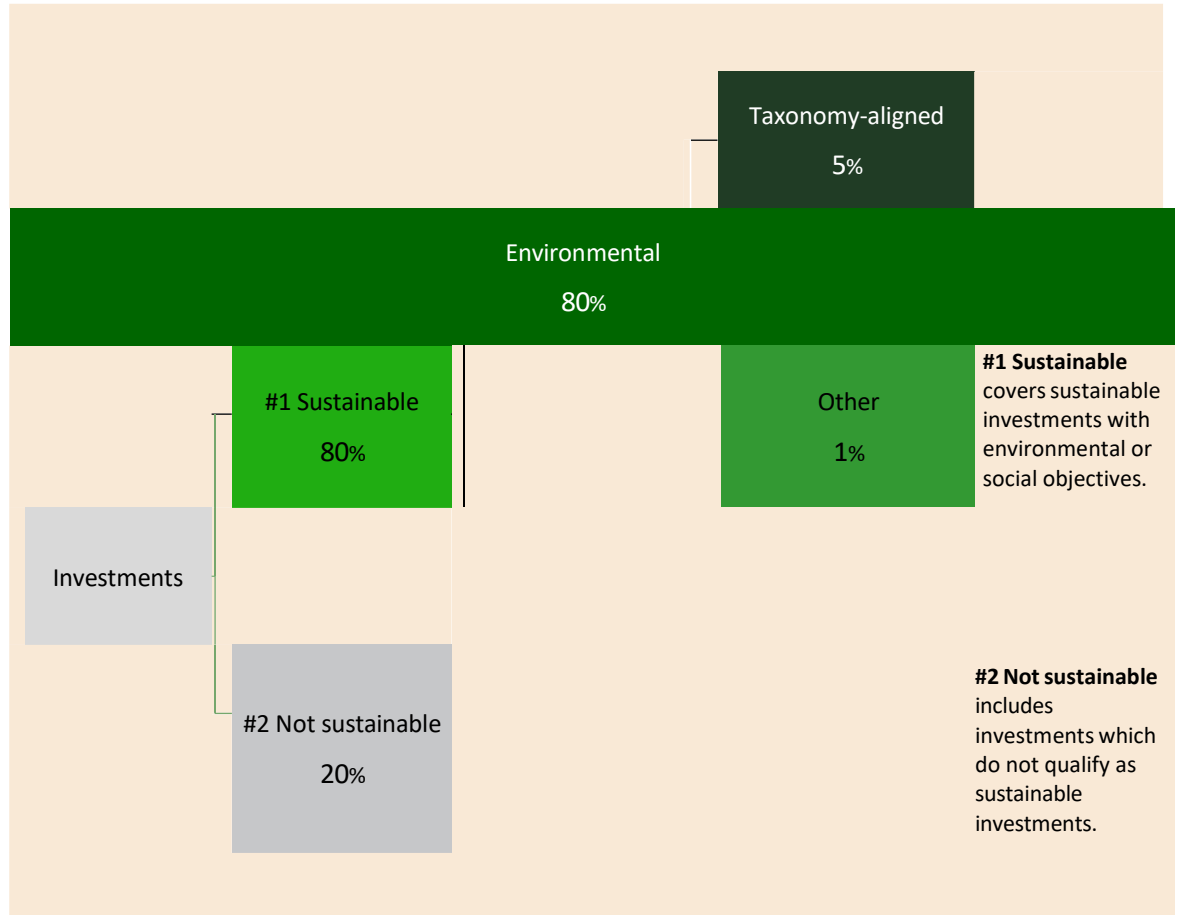
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Exposure to single name derivatives for which underlying investments are considered as sustainable, are contributing to attain the sustainable objective of the Financial Product.





## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product takes into consideration the criteria of the EU Taxonomy environmental objectives and the "do not significantly harm" criteria of the EU Taxonomy.

The minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy is 5.0 % of the Financial Product Net Asset Value.

### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>116</sup>?

Yes

In fossil gas

In nuclear energy

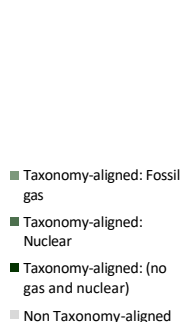
No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

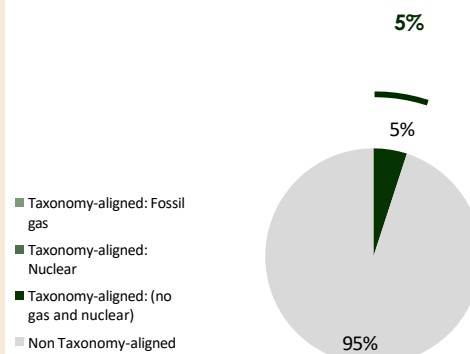
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary. As such, the representation of minimum Taxonomy alignment made in this graph may also vary.

<sup>116</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


The Financial Product does not commit to a minimum share of investments in enabling and transitional activities and the minimum share is consequently 0%.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

Not applicable.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



## Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

The Financial Product has designated the ICE BofA Green Bond Index as its Benchmark to meet its sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

The Benchmark is aligned with the sustainable investment objective of the Financial Product, as it tracks the performance of securities issued for qualified "green" purposes which must have a clearly designated use of proceeds solely applied toward projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes as outlined by the ICMA Green Bond Principles.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Financial Product invests at minimum one third of its net assets in the components of the Benchmark.

The Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Financial Product's positioning on the above indicators may be close to the Benchmark.

- ***How does the designated index differ from a relevant broad market index?***

A broad market index that tracks broad market range of corporate bonds is not focused on Green Bonds. The ICE BofA Green Bond Index tracks the performance of securities issued for qualified "green" purposes. Qualifying bonds must have a clearly designated use of proceeds that is solely applied toward projects or activities that promote climate change mitigation or adaptation or other environmental sustainability purposes as outlined by the ICMA Green Bond Principles. This designated index is more relevant for the Financial Product that aims at investing at least 75% of its net assets in bonds financing environmental projects (Green Bonds).

- ***Where can the methodology used for the calculation of the designated index be found?***

The methodology used for the calculation of the index is available on: [ICE Data Indices - Rules & Methodology](#).



## Where can I find more product specific information online?

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](#).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](#).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Product name:** AXA WORLD FUNDS ACT Dynamic Green Bonds **Legal entity identifier:** 213800MBHN2GOTB7P804  
(The “Financial Product”)

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**



**YES**



**NO**

It will make a minimum of **sustainable investments with an environmental objective: 80%**

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_ % of sustainable investments.

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## What is the sustainable investment objective of this financial product?

The Financial Product seeks a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs, and/or by applying an impact approach with a focus to financing the transition to a more sustainable and low carbon economy.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to consider any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is taking into consideration the criteria of the EU Taxonomy environmental objectives. It aims at considering (1) climate change and (2) climate adaptation objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The Financial Product uses the percentage of investments in Green Bonds (based on its net assets) as its sustainability indicator in order to measure the attainment of its sustainable objective which aims at purchasing bonds where the proceeds are earmarked for projects which support a low carbon economy or the basic needs of underserved populations and communities, by financing initiatives such as renewable energy, pollution prevention, access to healthcare, affordable housing and women empowerment.

The Financial Product invests minimum 75% of its net assets in bonds financing environmental projects (Green Bonds) and Sustainability Bonds.

● ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

The Financial Product also complies with the DNSH principle under the Taxonomy Regulation.



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>117</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>117</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>118</sup>	
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>119</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>120</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>118</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>119</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>120</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI Indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
No significantly negative UN SDG Score		

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>121</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 8: Emissions to water
	No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>122</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	Controversial weapons policy	PAI 14: Exposure to controversial weapons
No significantly negative UN SDG Score		

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

<sup>121</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>122</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

In line with the sustainable investment objective described above, the Financial Product adopts a green impact investing approach that aims to support on the long run the Sustainable Development Goals (SDGs) established by the United Nations with a focus on the environmental themes (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and involves purchasing bonds where the proceeds are earmarked for projects which support a low carbon economy or the basic needs of underserved populations and communities, by financing initiatives such as renewable energy, pollution prevention, access to healthcare, affordable housing and women empowerment.

The Financial Product invests minimum 75% of its net assets in bonds financing environmental projects (Green Bonds) and Sustainability Bonds.

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In the securities selection process, the Investment Manager applies a proprietary green, social and sustainability bonds assessment framework, mainly based on the ICMA Green and Social Bond Principles ("GSBP") and the Climate Bonds Initiative ("CBI") guidelines. The Investment Manager employs a rigorous internal green, social and sustainability bond selection process by filtering out bonds which are not in line with our internal green, social and sustainability bonds requirements.

AXA IM's green, social and sustainability bond framework is composed of four pillars: 1/ the environmental, social and governance (ESG) quality of the issuer (a firm needs to demonstrate minimum ESG commitments, to ensure that corporations properly deal with environmental and social risks in the projects financed and that the green projects being financed are strategic activities); 2/ the use of proceeds of a green, social or sustainability bond should reflect the issuer's efforts towards improving the environment and society and its overall sustainability strategy, full transparency regarding the projects financed and tracking the proceeds being essential; 3/ management of proceeds (an issuer must have sufficient guarantees in place to ensure the proceeds of the bond will effectively finance the eligible projects); 4/ ESG impact (particular attention is paid to impact reporting, where both qualitative and quantitative indicators are expected, allowing to demonstrate the positive impact of a bond on the environment and society).

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

3. The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Financial Product, with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis, and Solidarity Assets.

Where the Financial Product invests in assets in the context of primary debt market issuance that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

#### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.





## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation**  
describes the share of investments in specific assets.

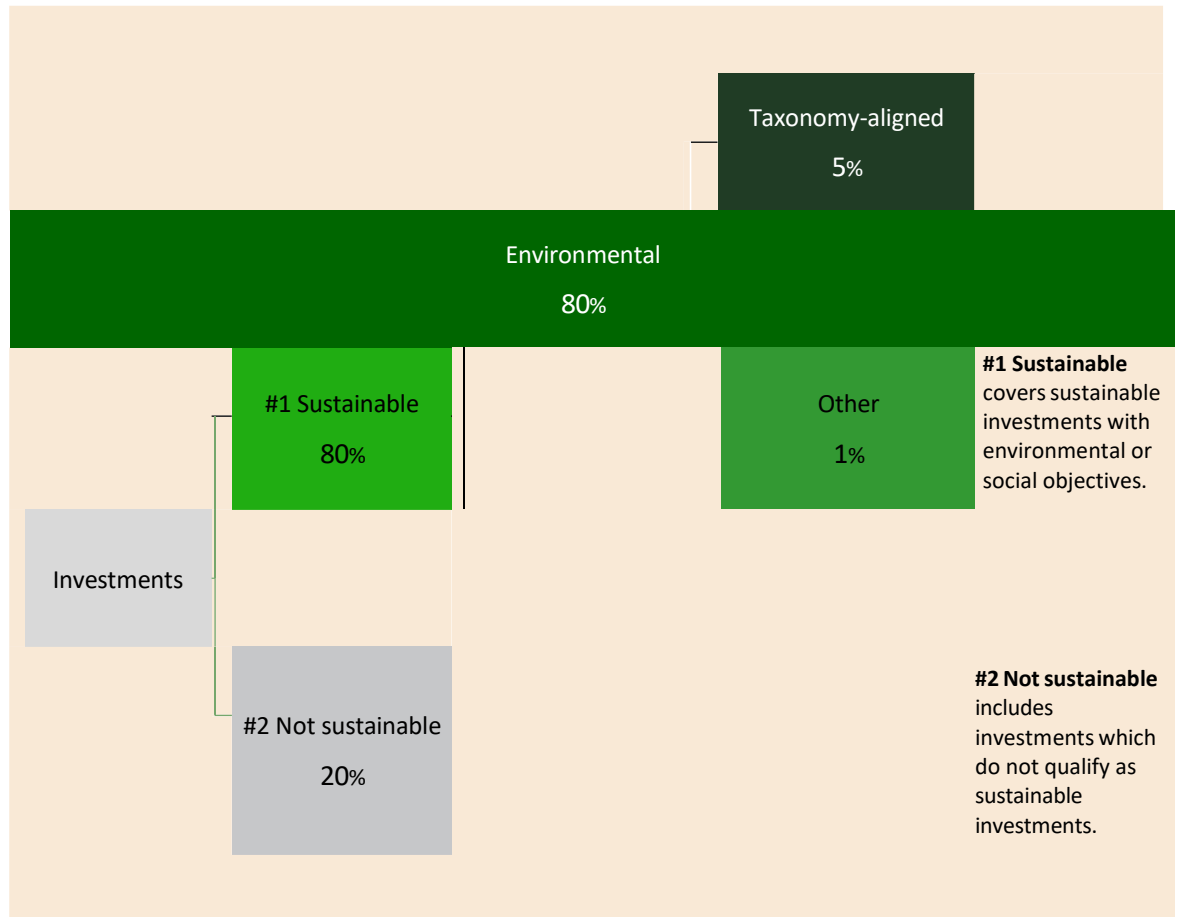
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Exposure to single name derivatives for which underlying investments are considered as sustainable, are contributing to attain the sustainable objective of the Financial Product.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product takes into consideration the criteria of the EU Taxonomy environmental objectives and the "do not significantly harm" criteria of the EU Taxonomy.

The minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy is 5.0 % of the Financial Product Net Asset Value.

### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>123</sup>?

Yes

In fossil gas

In nuclear energy

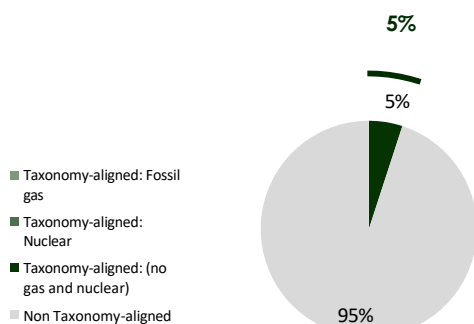
No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

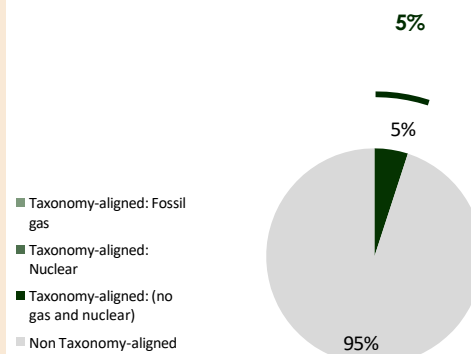
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

#### 1. Taxonomy-alignment of investments including sovereign bonds\*



#### 2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary. As such, the representation of minimum Taxonomy alignment made in this graph may also vary.

<sup>123</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


The Financial Product does not commit to a minimum share of investments in enabling and transitional activities and the minimum share is consequently 0%.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

Not applicable.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

There is no specific index designated as an ESG reference benchmark.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Emerging Markets Bonds **Legal entity identifier:** 2138002YCDGI8HHQTO70  
(The “Financial Product”)

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 15%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 1%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into debt securities issued by companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs, and/or are green, social or sustainability bonds.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

- a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.
- b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, 45% J.P.Morgan Emerging Markets Bond Index Global Diversified Investment Grade + 5% J.P. Morgan Emerging Markets Bond Index Global Diversified BB + 45% J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified High Grade + 5% J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified BB (**the "Benchmark"**), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark completed with transferable debt securities issued by emerging markets companies, quasi-public issuers or governments in hard currencies other than USD (**the "Investment Universe"**).

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the sustainable investment objective described above.

● ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.



- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>124</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

<sup>124</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

- **Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>125</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>126</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>127</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>125</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>126</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>127</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI Indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
No significantly negative UN SDG Score		

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>128</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 8: Emissions to water
	No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>129</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	Controversial weapons policy	PAI 14: Exposure to controversial weapons
No significantly negative UN SDG Score		

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

<sup>128</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>129</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

In line with the sustainable investment objective described above, the Financial Product aims to support on the long run the SDGs with a focus on both the environmental (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes.

It will also invest at least 50% of its net assets in green, social and sustainability bonds.

In addition, the Investment Manager applies the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

**Until 27 December 2024, the following applies:**

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

**● *What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the investment universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

**As of 27 December 2024, the following applies:**

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

2. The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Water Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

Where the Financial Product invests in assets in the context of primary debt market issuance that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based



on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

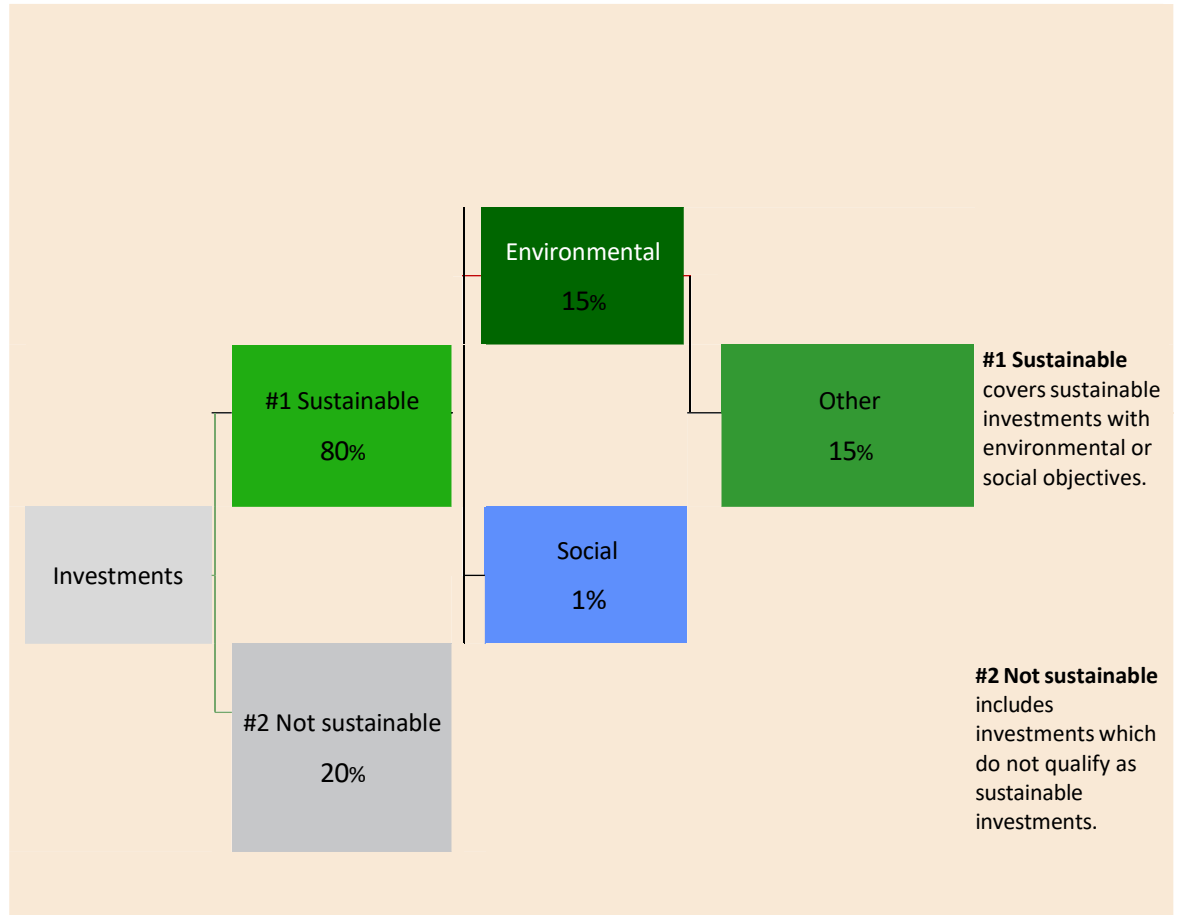
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>130</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

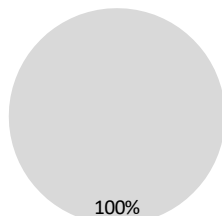
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage in no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

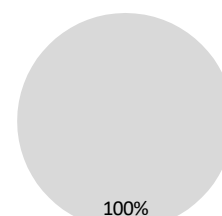
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

<sup>130</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 15% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 1% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS ACT US Corporate Bonds Low Carbon (The "Financial Product") **Legal entity identifier:** 2138005LF4AQSQMIW253

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, Bloomberg US Corporate Investment Grade (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.



Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>138</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>139</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>138</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>139</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

	Relevant AXA IM policies	PAI indicator
Climate and other environment related indicators	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>140</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>140</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>141</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>141</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

The Financial Product also uses the Water Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

2. The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

The Financial Product also uses the Water Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

3. The following minimum coverage rates apply within the Financial Product portfolio (expressed as a percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

4. The Financial Product excludes from its Investment Universe the majority of securities within carbon intensive sub-sectors. These sub-sectors include Metals, Mining and Steel Producers and most sub-sectors within the Energy and Utility sectors.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



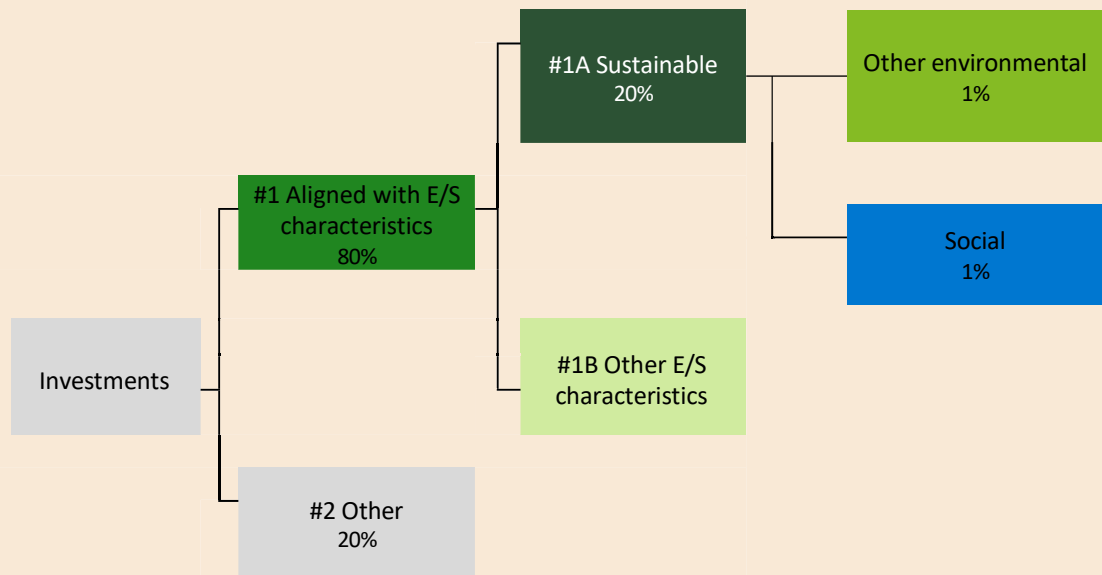


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>142</sup> ?**

Yes

In fossil gas

In nuclear energy

No

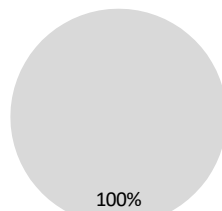
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

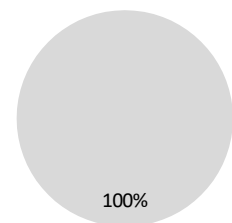
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds\***



2. Taxonomy-alignment of investments **excluding sovereign bonds\***



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the criteria** for

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>142</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS ACT US High Yield Bonds Low Carbon (The "Financial Product") **Legal entity identifier:** 213800UGAWNFXHQA9Z96

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA US High Yield (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>143</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>144</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

<sup>143</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>144</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product applies an "extra-financial indicator improvement" approach using Carbon Intensity extra-financial indicator. The Financial Product outperforms this indicator compared to the Benchmark by at least 30%. The Financial Product also uses the Water intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. The Financial Product applies an "extra-financial indicator improvement" approach using Carbon Intensity extra-financial indicator. The Financial Product outperforms this indicator compared to the Benchmark by at least 30%. The Financial Product also uses the Water Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark.

3. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

4. The Financial Product excludes from its Investment Universe the majority of securities within carbon intensive sub-sectors. These sub-sectors include Metals, Mining and Steel Producers and most sub-sectors within the Energy and Utility sectors.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

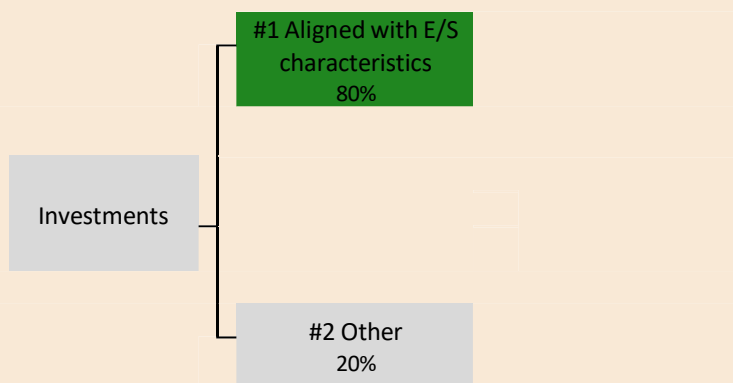


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>145</sup> ?**

Yes

In fossil gas

In nuclear energy

No

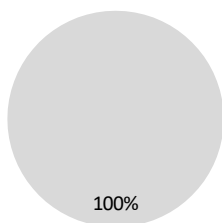
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

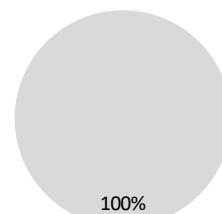
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>145</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds ACT Multi Asset Optimal Impact (The “Financial Product”)

**Legal entity identifier:** 213800JXTZ2GEXH1UT05

## Sustainable investment objective

**Does this financial product have a sustainable investment objective?**

**YES**
 **NO**

<p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 15%</b></p> <p><input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 15%</b></p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of <u>  </u> % of sustainable investments.</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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## What is the sustainable investment objective of this financial product?

The Financial Product seeks a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and by investing across a broad range of asset classes in securities demonstrating a positive social and environmental impact.

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to consider any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is taking into consideration the criteria of the EU Taxonomy environmental objectives. It aims at considering (1) climate change mitigation and (2) climate change adaptation objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product.

The initial investment universe of the Financial Product will be defined as 30% MSCI ACWI IMI + 10% MSCI Emerging Markets + 60% ICE BofA Non-Sovereign Global (the "**Investment Universe**").

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

**Until 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Investment Universe, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The Percentage of companies in the GSS Watchlist & Non-compliant of the Financial Product and its Investment Universe. The Sustainability's Global Standards Screening (GSS) assesses the impact that companies have on stakeholders and the extent to which companies cause, contribute or are linked to violations of international norms and standards. A company is assessed as Non-Compliant when it is determined to be causing or contributing to severe or systemic and/or systematic violations of international norms. A company is assessed as Watchlist if it is determined to be at risk of contributing to severe or systemic and/or systematic violations of international norms and standards.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Investment Universe, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Investment Universe. It is provided by an external data provider.

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The Financial Product outperforms its Investment Universe on these sustainability indicators in order to promote the sustainable investment objective described above.

● ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>146</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

- **Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>147</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>148</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>149</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact

<sup>146</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>147</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>148</sup> except for GSSBs (Green, Social or Sustainability Bonds)

<sup>149</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards, cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

The Paris-aligned Benchmarks exclusions\_CDR (EU) 2020/1818) Article 12(1)(a)-(g)) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI Indicator
	AXA IM Climate Risk policy	



<b>Climate and other environment related indicators</b>	Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	AXA IM Climate Risk policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 5: Share of non-renewable energy consumption and production
	No significantly negative UN SDG Score	
	AXA IM Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>150</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
No significantly negative UN SDG Score	PAI 8: Emissions to water	
No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio	
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>151</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>150</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>151</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively

	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



### What investment strategy does this financial product follow?

In line with the sustainable investment objective described above, the Financial Product aims to support on the long run the Sustainable Development Goals (SDGs) established by the United Nations with a focus on the environment and the social themes.

**As from 27 December 2024, the following applies:**

In addition, the Investment Manager applies the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

**Until 27 December 2024, the following applies:**

The Financial Product bindingly uses at all times a socially responsible investment "Best-in-Universe" selectivity approach. For the equity bucket, this selectivity approach consists in removing at least the 20% worst values of the investment based on a combination of AXA IM's Sectorial Exclusions, ESG

Standards policies and the SDG scores, to the exception of cash held on an ancillary basis and Solidarity Assets.

**As from 27 December 2024, the following applies:**

The Financial Product bindingly uses at all times a socially responsible investment "Best-in-Universe" selectivity approach. For the equity bucket, this selectivity approach consists in removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets. The threshold will be increased to 30% starting from January 1st, 2026.

**● What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

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The Financial Product bindingly applies at all times AXA IM's Impact approach for listed assets, according to which the Investment Manager applies an impact approach in the securities selection process, which considers five key pillars: intentionality (securities targeting a specific positive environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are judged on the likely ability to resolve unmet environmental or social needs), negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social or environmental performance of investments).

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Financial Product bindingly commits to have at all times at least 70% of assets (equity bucket) invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

2. The SDGs supported by environment themes include to ensure access to affordable and clean energy (SDG 7), to develop sustainable and resilient infrastructure (SDG 9), to make cities and communities more sustainable (SDG 11), to ensure responsible consumption and production patterns (SDG 12), to take urgent action to combat climate change (SDG 13), to conserve and sustainably use the oceans, seas and marine resources (SDG 14) and to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss (SDG 15).

The SDGs supported by social themes include alleviating poverty and access to essential products and services (SDG 1), access to safe and nutritious food (SDG 2), the promotion of health, safety and well-being (SDG 3), the promotion of education and labour upskilling (SDG 4), the attainment of gender equality (SDG 5), access to safe water and sanitation (SDG 6), access to modern and affordable electricity (SDG 7), the promotion of inclusive economic growth and decent work for all (SDG 8), the promotion of an industrialization inclusive of small businesses and fostering innovation (SDG 9), the reduction of social inequalities (SDG 10), the making of safe, resilient and affordable human settlements (SDG 11) and the promotion of peace and justice and the fight against all forms of organized crime (SDG 16).

With regards to debt securities, the Financial Product invests in green bonds, social bonds and sustainability bonds. The Investment Manager has defined a proprietary green, social and sustainability bonds assessment framework, mainly based on the ICMA Green and Social Bond Principles ("GSBP") and the Climate Bonds Initiative ("CBI") guidelines. The Investment Manager employs a rigorous internal green, social and sustainability bond selection process by filtering out bonds which are not in line with our internal green, social and sustainability bonds requirements.

**Until 27 December 2024, the following applies:**

The Financial Product bindingly uses at all times a socially responsible investment "Best-in-Universe" selectivity approach. For the equity bucket, this selectivity approach consists in removing at least the 20% worst values of the investment based on a combination of AXA IM's Sectorial Exclusions, ESG Standards policies and the SDG scores, to the exception of cash held on an ancillary basis and Solidarity Assets.

For the bond bucket, the selectivity approach consists in removing at least the 20% worst values of the Investment Universe, based on a combination of AXA IM's Sectorial Exclusions, ESG Standards policies and the SDG scores, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets

**As from 27 December 2024, the following applies:**

3. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented.

For the equity bucket, the selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Score to the exception of cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

For the bond bucket, the selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

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The resulting Investment Universe for ESG purposes of the Financial Product is composed of 30% MSCI ACWI IMI + 10% MSCI Emerging Markets + 60% ICE BofA Non-Sovereign Global. For the sake of clarity, the MSCI ACWI IMI (All Country World Index Investable Market Index), the MSCI Emerging Markets and the ICE BofA Non-Sovereign Global are broad market indices which are not aligned with the sustainable investment objective of the Financial Product but are used as a reference for applying the selectivity approach.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the Investment Universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**Until 27 December 2024, the following applies:**

4. In addition, the investment strategy outperforms its Investment Universe on at least two ESG Key Performance Indicator that are Carbon intensity and Percentage of companies in the Global Standards Screening (GSS) Watchlist & Non-compliant.

The following coverage rates apply within the Financial Product's portfolio (expressed as a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, (ii) 90% for the Carbon intensity indicator and iii) 70% for the Percentage of companies in the Global Standards Screening (GSS) Watchlist & Non-compliant indicator.

**As from 27 December 2024, the following applies:**

4. In addition, the investment strategy outperforms its Investment Universe on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

5. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

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Where the Financial Product invests in assets in the context of IPOs, Spin-offs and/or primary debt market issuance that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation**  
describes the share of investments in specific assets.

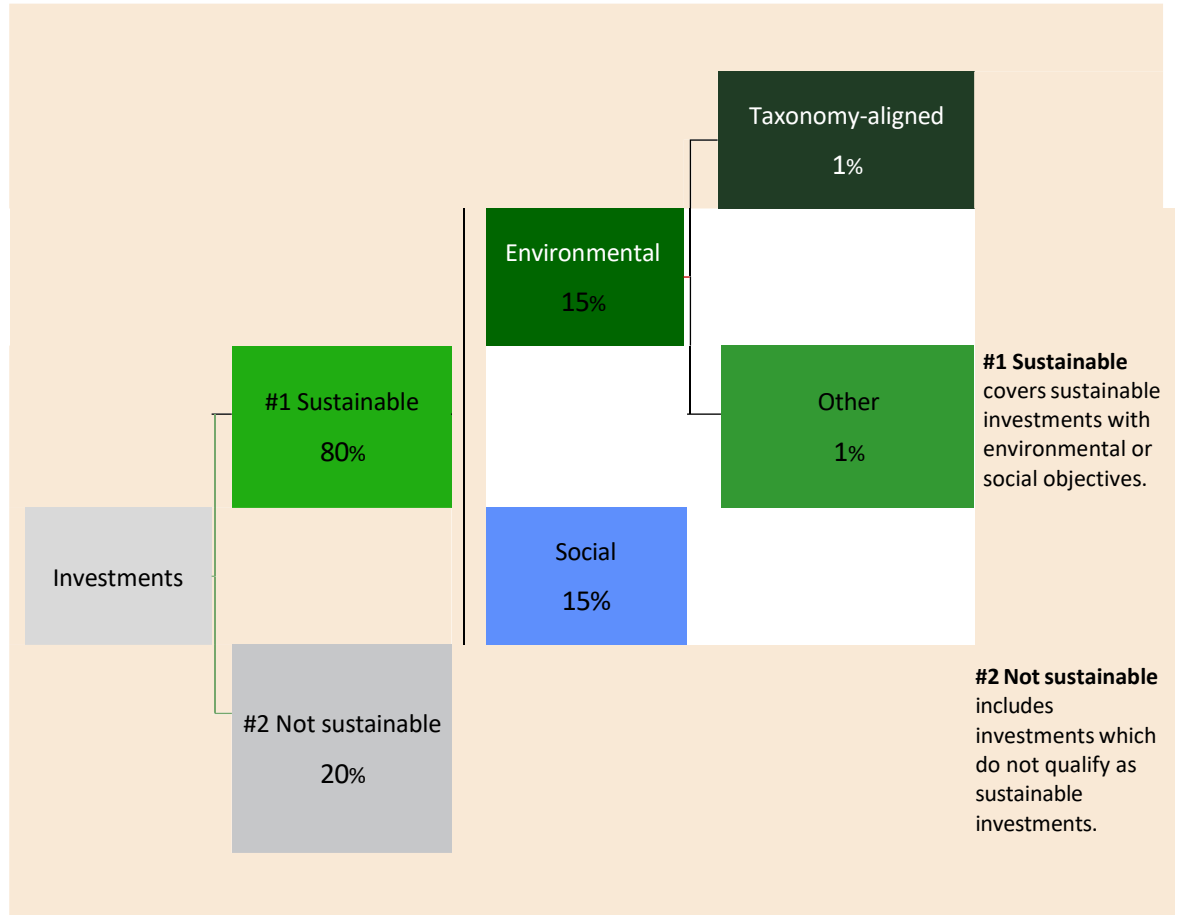
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Exposure to single name derivatives for which underlying investments are considered as sustainable, are contributing to attain the sustainable objective of the Financial Product.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product takes into consideration the criteria of the EU Taxonomy environmental objectives and the "do not significantly harm" criteria of the EU Taxonomy.

### ● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>152</sup>?

Yes

In fossil gas

In nuclear energy

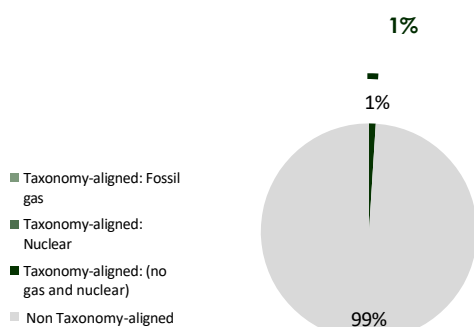
No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

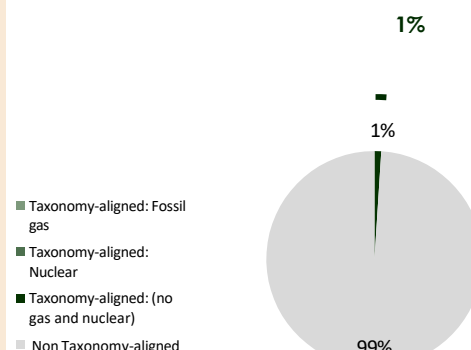
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

#### 1. Taxonomy-alignment of investments including sovereign bonds\*



#### 2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary. As such, the representation of minimum Taxonomy alignment made in this graph may also vary.

<sup>152</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


The Financial Product does not commit to a minimum share of investments in enabling and transitional activities and the minimum share is consequently 0%.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 15% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

There is no specific index designated as an ESG reference benchmark.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Stainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** AXA World Funds Digital Economy (The “Financial Product”) **Legal entity identifier:** 213800YT909E4S3MZV07

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation

- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of large, medium and small size companies in developed and emerging countries (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

**Until 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.



Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector

Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>153</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>154</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>153</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>154</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>155</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area

<sup>155</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>156</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

**For Sovereigns and Supranationals :**

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#). **Until 27 December 2024, the following applies:**

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized

<sup>156</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#). **Until 27 December 2024, the following applies:**

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe, composed of large, medium and small sized companies in developed and emerging countries, that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity and iii) 70% for the Water Intensity.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

There is no committed minimum rate to reduce the scope of the investments considered.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



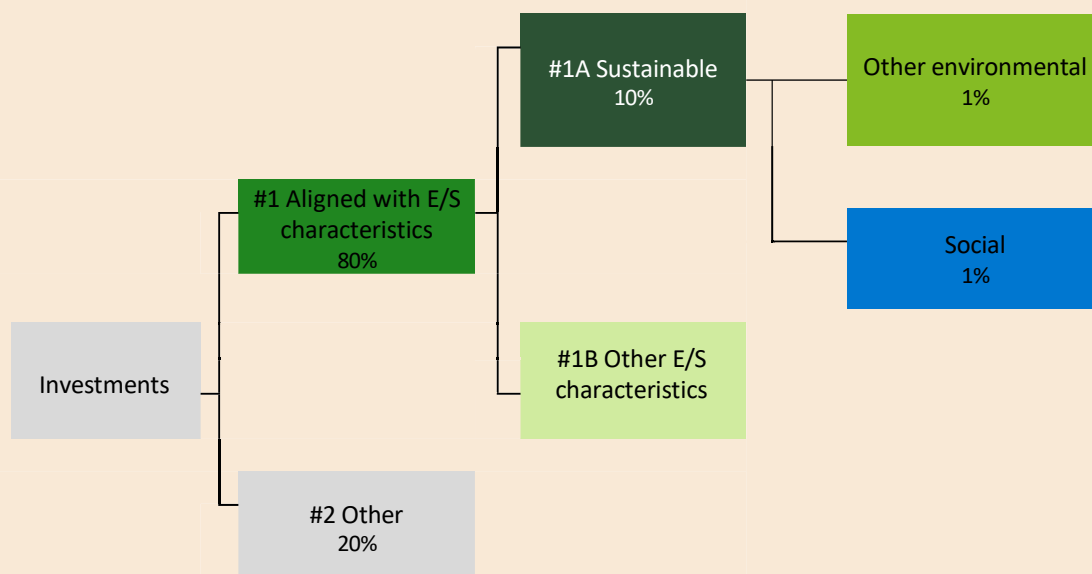


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>157</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

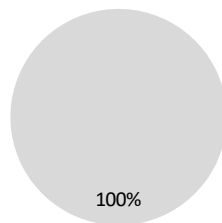
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

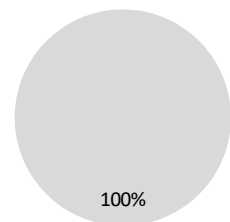
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>157</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Emerging Markets Responsible Equity QI (The "Financial Product")

**Legal entity identifier:** 213800UAPEX4GSMEI340

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI Emerging Markets Total Return Net (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>158</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
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<sup>158</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>159</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Controversial weapons policy	PAI 14: Exposure to controversial weapons

#### Filter based on UN SDGs:

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9), share of non-renewable energy consumption and production (PAI 5), unadjusted gender pay gap (PAI 12) and Board Gender diversity (PAI 13). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

#### *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



#### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

<sup>159</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

(i)

**Until 27 December 2024, the following applies:**

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

**As from 27 December 2024, the following applies:**

Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and the AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	<b>Relevant AXA IM policies and regulatory requirements</b>	<b>PAI indicator</b>
<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 4: Exposure to companies active in the fossil fuel sector
	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>160</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 6: Energy consumption intensity per high impact climate sector
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	AXA IM ESG standards policy: violation of international norms and standards	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global

<sup>160</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

	(considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>161</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	Compact principles & OECD Guidelines for multinational
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

**For Sovereigns and Supranationals :**

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

**As from 27 December 2024, the following applies:**

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

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<sup>161</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product uses an "extra-financial indicator improvement" approach where the Financial Products outperforms its Benchmark in terms of the weighted average Carbon Intensity by at least 30%.

In addition, the Financial Product outperforms its Benchmark, in terms of weighted average Water Intensity and ESG scoring.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

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2. The Financial Product uses an "extra-financial indicator improvement" approach, the Carbon Intensity extra-financial indicator and outperforms this indicator by at least 30% compared to the Benchmark. The Financial Product also outperforms water intensity compared to the Benchmark.

3. In addition, the Financial Product always outperforms the Benchmark in terms of ESG score calculated on weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across ESG dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG scoring provided that it is approved by AXA IM dedicated internal governance body. AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed

and monitored 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.

4. The following minimum coverage rate rates apply with the Financial Product portfolio (expressed as a percentage of the net assets, excluding cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

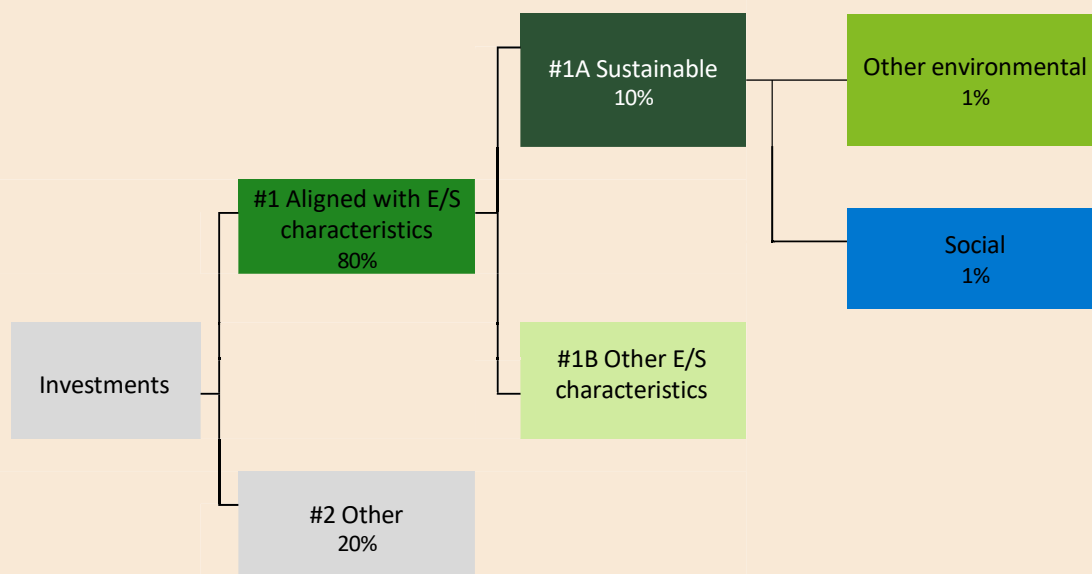


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>162</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

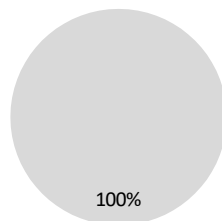
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

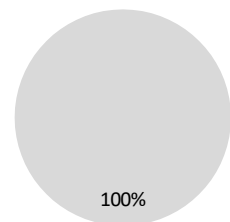
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>162</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Euro Selection (The “Financial Product”) **Legal entity identifier:** 2138006UOXOICOH1HT33

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation’s (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, EURO STOXX Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of large, medium and small sized companies based in the Eurozone (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>163</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>163</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>164</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>164</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.





## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>165</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>165</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>166</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### Until 27 December 2024, the following applies:

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their E Score to the exception of cash held on an ancillary basis and solidarity assets.

### As from 27 December 2024, the following applies:

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint,

<sup>166</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

#### **Until 27 December 2024, the following applies:**

The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their E Score to the exception of cash held on an ancillary basis and solidarity assets.

#### **As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and

Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Water Intensity at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Water Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### ● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 25% through the investment strategy described above. The threshold will be increased to 30% starting from January 1st, 2026.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

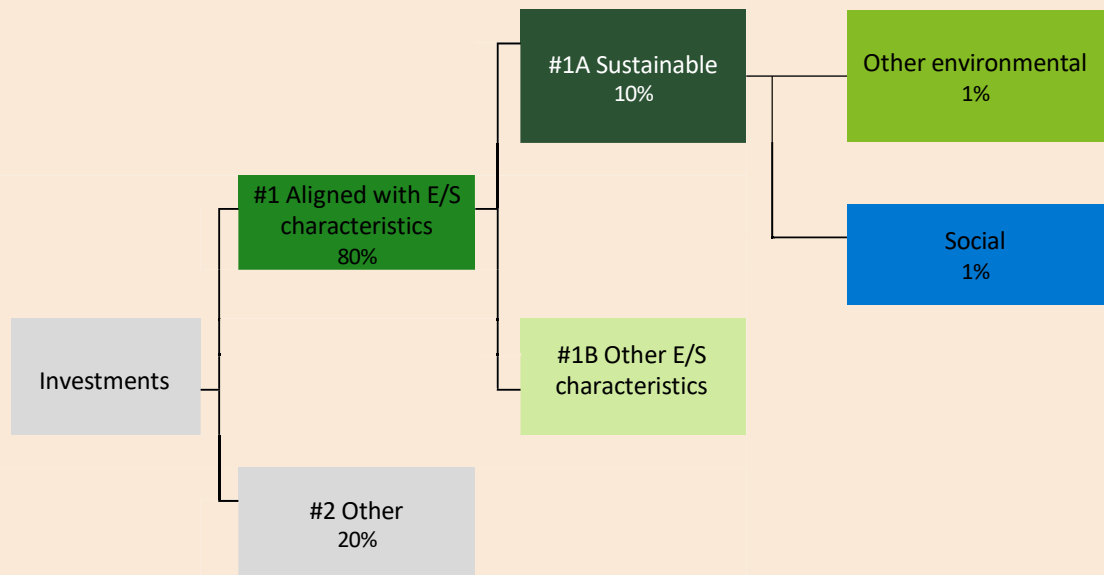


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>167</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

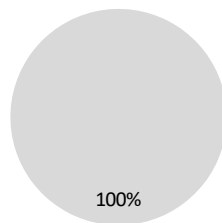
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

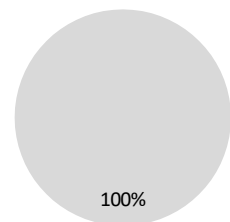
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>167</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Europe Ex-UK Microcap (The “Financial Product”) **Legal entity identifier:** 213800RFUQI3RGAM6H69

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation’s (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI Europe ex UK Micro Cap Total Return net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>168</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>169</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>168</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>169</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **Until 27 December 2024, the following applies:**

The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of its benchmark after removing at least the 20% worst ESG Scores, on a weighted average basis, excluding cash held on an ancillary basis and Solidarity Assets. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product.

### **As from 27 December 2024, the following applies:**

The Financial Product bindingly applies an ESG Score Upgrade Approach on its Benchmark, as defined above, according to which the ESG scoring of the Financial Product is higher than the scoring of the Benchmark after removing at least the 25% worst values based on a combination of sustainability-related exclusions applicable to the Financial products and their ESG Scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

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The Financial Product is also managed using a socially responsible investment (SRI) approach.

## ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **Until 27 December 2024, the following applies:**



2. The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of the Benchmark, after removing at least the 20% worst ESG Scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

**As from 27 December 2024, the following applies:**

2. The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of the Benchmark, as defined above, after removing at least the 25% worst values based on a combination of sustainability-related exclusions applicable to the Financial products, notably described above, and their ESG scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

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AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Water Intensity at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Water Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies

described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

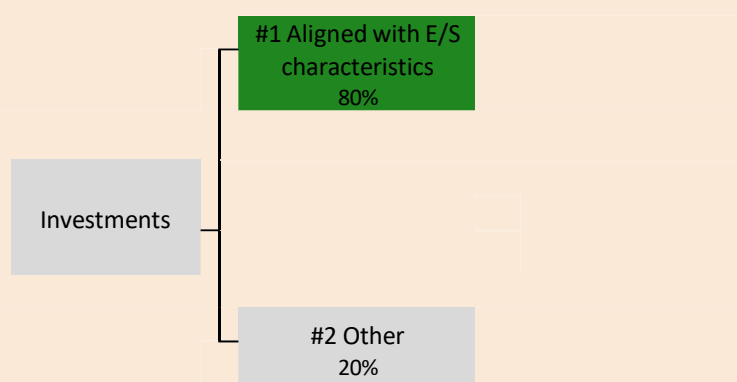


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>170</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

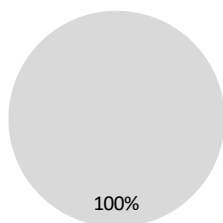
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

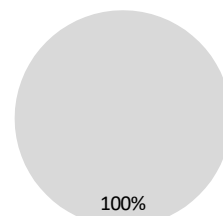
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

are sustainable investments with an environmental objective that do not take into account the criteria for

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>170</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Europe Small Cap (The "Financial Product")

**Legal entity identifier:** 2138008MKL83N9YYYJ11

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- 

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities



- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, STOXX Europe Small 200 Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of small and medium capitalisation companies domiciled in Europe (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

**Until 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

\*\*\*

The Financial Product outperforms its Benchmark on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission’s ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>171</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>172</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>171</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>172</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>173</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>173</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>174</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-reports).

<sup>174</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

**Until 27 December 2024, the following applies:**

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their E Score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

**As from 27 December 2024, the following applies:**

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their E Score to the exception of cash held on an ancillary basis and solidarity assets.

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these



methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**Until 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon intensity and Water Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least one ESG Key Performance Indicator that is Carbon Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis and ii) 90% for the Carbon Intensity indicator.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The initial investment universe is reduced by at least 20% through the investment strategy described above.

● ***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

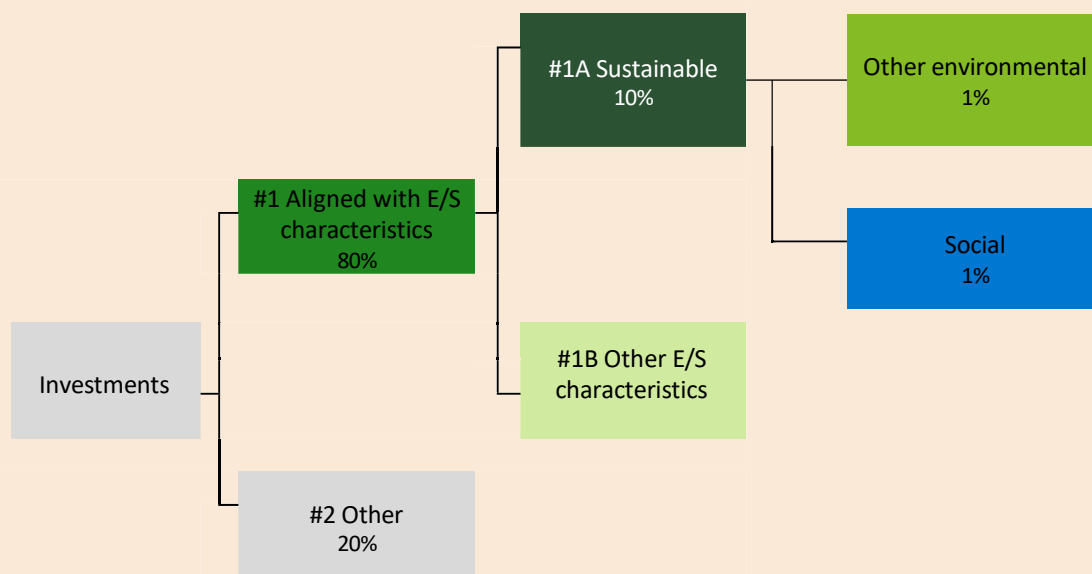


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>175</sup> ?**

Yes

In fossil gas

In nuclear energy

No

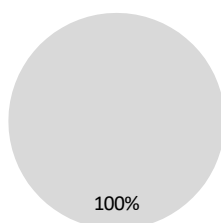
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

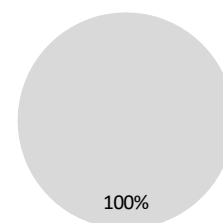
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>175</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Evolving Trends (The "Financial Product") **Legal entity identifier:** 213800XUJVRQ1XWNYI35

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:



- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of companies anywhere in the world (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

**Until 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.
- The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission’s ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>176</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>177</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>176</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>177</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>178</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>178</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>179</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#). **Until 27 December 2024, the following applies:**

<sup>179</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly invests at least 40% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities ( based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#). **Until 27 December 2024, the following applies:**

3. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its investment universe, defined as equities of companies anywhere in the world. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the investable universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

5. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***



**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

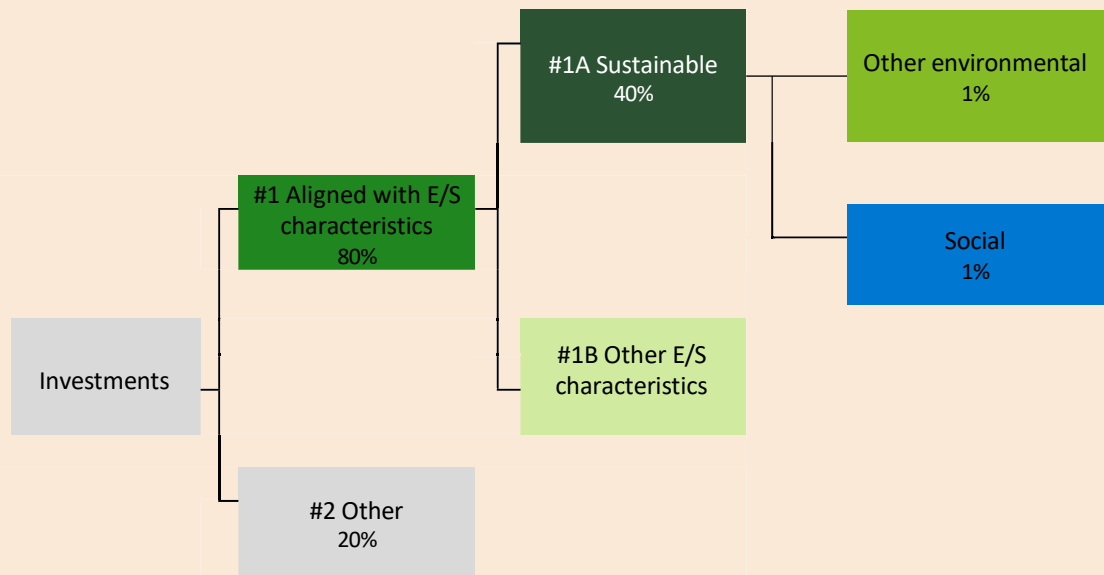


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 40% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>180</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

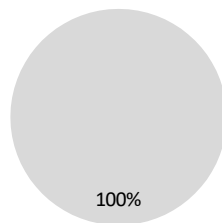
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

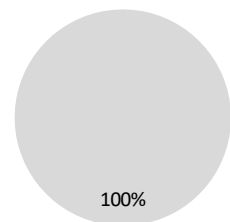
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>180</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Framlington Sustainable Europe (The "Financial Product")

**Legal entity identifier:** 213800V7O7LG6W3DLE71

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering **gender diversity at board level**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI Europe Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>181</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>181</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>182</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>182</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>183</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>183</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>184</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. **Until 27 December 2024, the following applies:**

<sup>184</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities ( based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The initial investment universe is reduced by at least 20% through the investment strategy described above.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



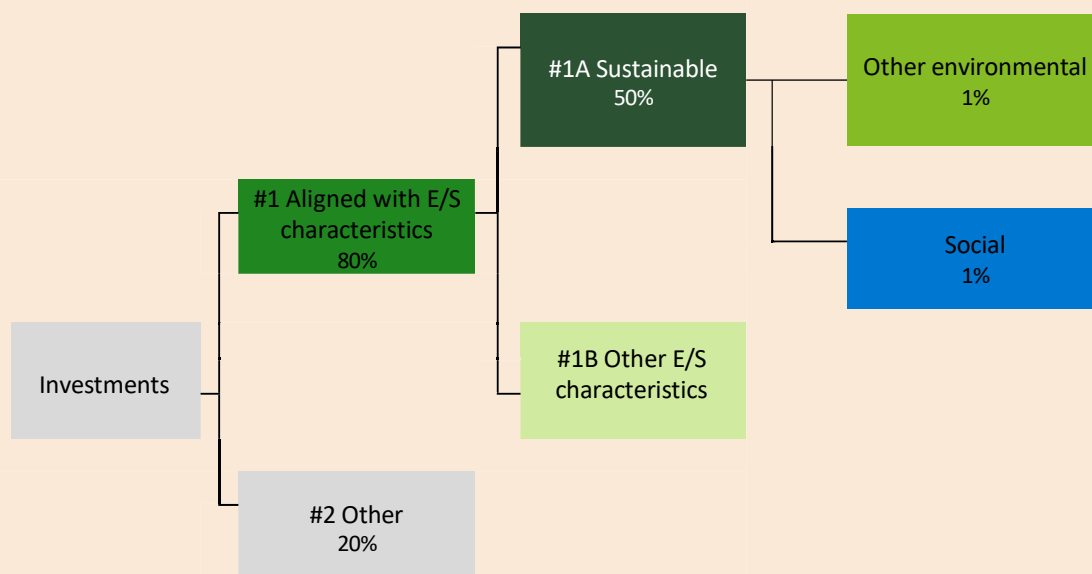


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>185</sup> ?**

Yes

In fossil gas

In nuclear energy

No

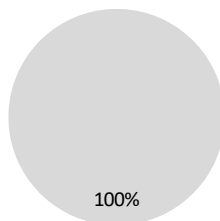
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

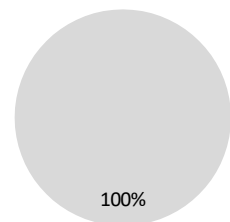
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>185</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Framlington Sustainable Eurozone (The "Financial Product")

**Legal entity identifier:** 213800EVJM9C68HYWU61

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering **gender diversity at board level**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, EURO STOXX Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of equities of companies of all size domiciled in the Eurozone (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>186</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>186</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>187</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>187</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>188</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>188</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>189</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### Until 27 December 2024, the following applies:

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their E Score to the exception of cash held on an ancillary basis and solidarity assets.

### As from 27 December 2024, the following applies:

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable

<sup>189</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product bindingly applies at all times a socially responsible investment "Best-in Universe" selectivity approach, which consists in removing at least the 20% worst values of the Investment Universe as defined by the Benchmark, based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies, their E Scores, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets. The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these

methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 25% through the investment strategy described above. The threshold will be increased to 30% starting from January 1st, 2026.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



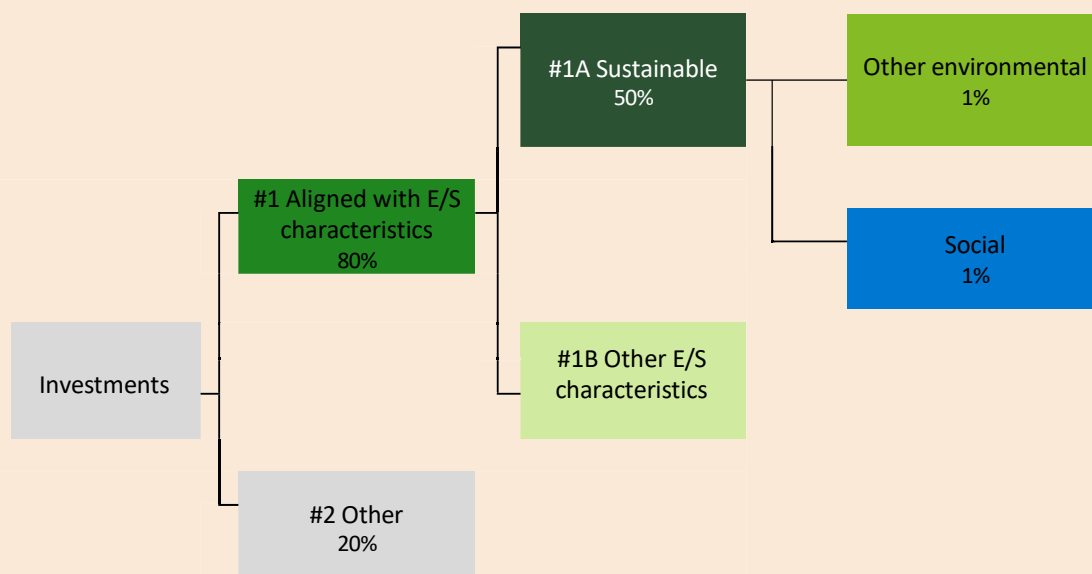


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>190</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

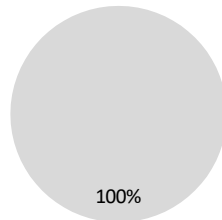
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

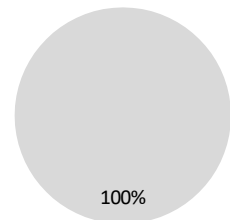
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>190</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Global Convertibles (The "Financial Product")

**Legal entity identifier:** 213800CD6MRQ8HCAOB54

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, Thomson Reuters Convertible Global Focus Hedged Net (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>191</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>191</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>192</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>192</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>193</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>193</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>194</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

### Until 27 December 2024, the following applies:

The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of its benchmark after removing at least the 20% worst ESG Scores, on a weighted average basis, excluding cash held on an ancillary basis and Solidarity Assets. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product.

### As from 27 December 2024, the following applies:

The Financial Product bindingly applies an ESG Score Upgrade Approach on its Benchmark, as defined above, according to which the ESG scoring of the Financial Product is higher than the scoring of the Benchmark after removing at least the 25% worst values based on a combination of sustainability-related exclusions applicable to the Financial products and their ESG

<sup>194</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

**Until 27 December 2024, the following applies:**

2. The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of the Benchmark, after removing at least the 20% worst ESG Scores, on a weighted average basis, excluding cash held on an ancillary basis and solidarity assets.

**As from 27 December 2024, the following applies:**

2. The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of the Benchmark, as defined above, after removing at least the 25% worst values based on a combination of sustainability-related exclusions applicable to the Financial products, notably described above, and their ESG scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further

described on dedicated methodological document our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Water Intensity at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Water Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

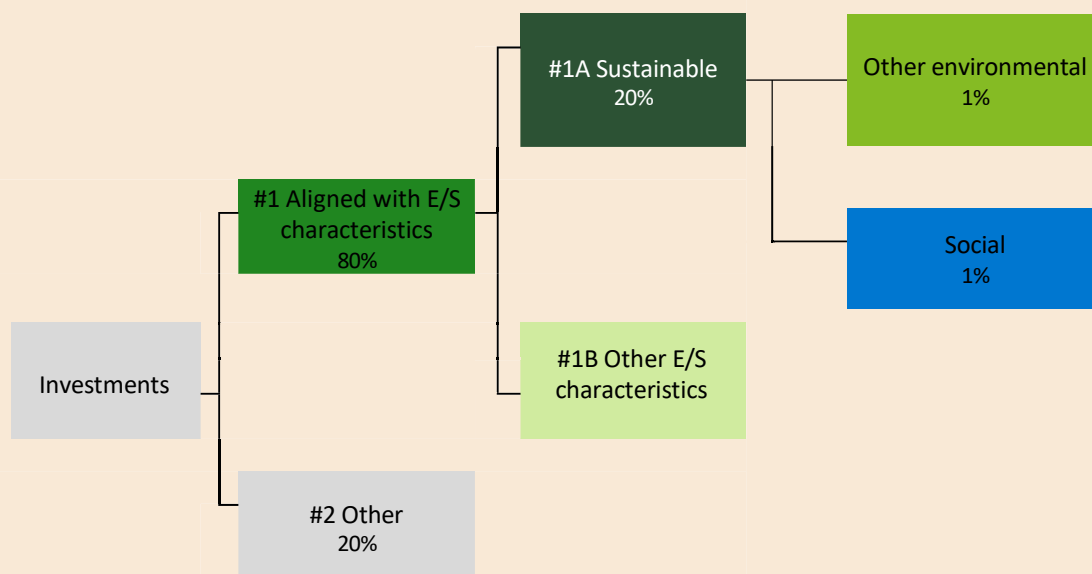


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>195</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

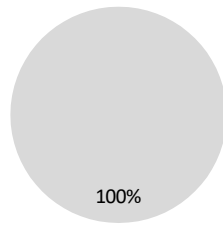
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

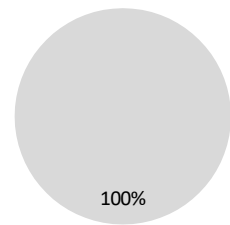
1. Taxonomy-alignment of investments **including sovereign bonds\***

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments **excluding sovereign bonds\***

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>195</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Sustainable Equity    **Legal entity identifier:** Not applicable  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI World Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of worldwide equities of companies of any market capitalization (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>196</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>196</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>197</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>197</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.





## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies and regulatory requirements	PAI indicator
<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 4: Exposure to companies active in the fossil fuel sector
	AXA IM Climate Risks policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 5: Share of non-renewable energy consumption and production

	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>198</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 6: Energy consumption intensity per high impact climate sector
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>199</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments

<sup>198</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

<sup>199</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their E Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately

differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Financial Product Sub-Fund, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and liquid assets held on an ancillary basis and solidarity assets.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The initial investment universe is reduced by at least 20% through the investment strategy described above.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

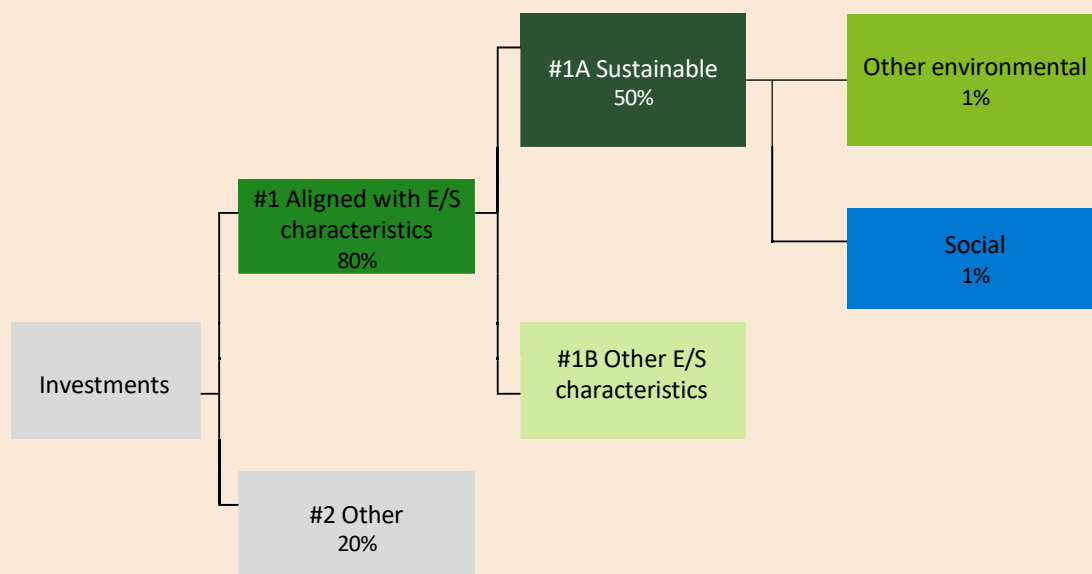


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>200</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

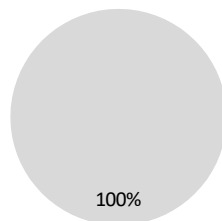
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

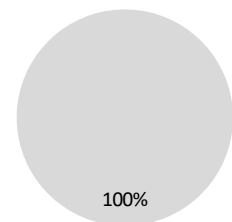
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>200</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Italy Equity (The “Financial Product”)  
**Legal entity identifier:** 213800LNEKJGN8QM7D48

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation’s (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>201</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
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<sup>201</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>202</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Controversial weapons policy	PAI 14: Exposure to controversial weapons

#### Filter based on UN SDGs:

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9), share of non-renewable energy consumption and production (PAI 5), unadjusted gender pay gap (PAI 12) and Board Gender diversity (PAI 13). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

#### *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

<sup>202</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>203</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>204</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>203</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>204</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.





## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

### ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

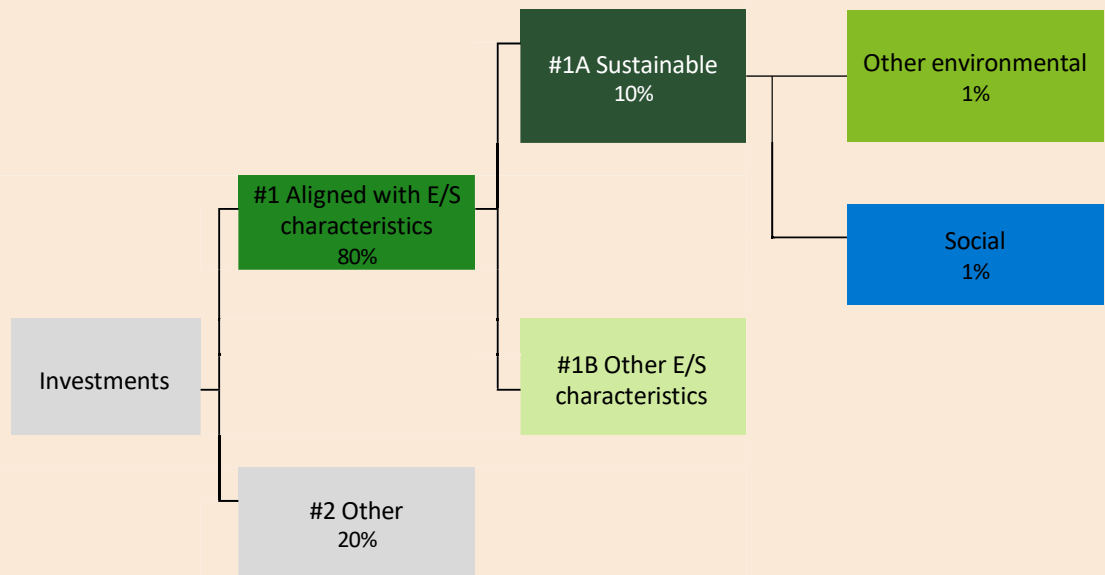


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>205</sup> ?**

Yes

In fossil gas

In nuclear energy

No

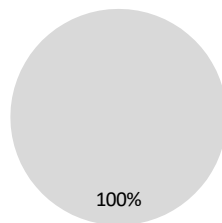
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

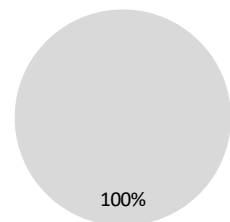
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

<sup>205</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Until 9 January 2025, the following SFDR annex applies:

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmental ly sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities.

Product name: AXA WORLD FUNDS - LONGEVITY ECONOMY      Legal entity identifier: 213800DW4R9H3NOZT149  
(The "Financial Product")

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of sustainable investments with an environmental objective: \_\_\_\_%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of sustainable investments with a social objective: \_\_\_\_%

It promotes E/S characteristics, but will not make any sustainable investments



## What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their carbon intensity.
- issuers considering their water intensity.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil sand activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
  
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organization's (ILO) Conventions or the OECD guidelines for Multinational Enterprises.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI AC World Total return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the large, medium and small sized companies in developed and emerging markets (the "Investment Universe").

The Financial Product promotes the protection of Human Rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed.

Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## ● *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organization from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.



The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental characteristics described above.

● *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. UN Sustainable Development Goals alignment (SDG) of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.2. Integration of issuers engaged in a solid Transition Pathway consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

-- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

Exclusion Policies:

- Environmental:

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>206</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- Social and Governance :

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global

<sup>206</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>207</sup>	Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

Filter based on UN SDGs:

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables us to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organization’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

<sup>207</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>208</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>209</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations

<sup>208</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>209</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively.

	Compliance black-list based on international and EU sanctions	
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(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific sectorial exclusions such as white phosphorus weapons and exclusion of investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product also promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices. The Financial Product also promotes environmental and/or social characteristics by investing in issuers aiming to support on the long run SDGs with a focus on both the environmental (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes.

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

### *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

The Financial Product bindingly applies at all times the investment strategy described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter. The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco. The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on the Investment Manager's Sectorial Exclusion Policies and ESG Standards Policy are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. The Financial Product invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment frameworks.

3. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets. The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.



AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

4. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicators that are Carbon Intensity and Water Intensity at all times.

5. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity and iii) 70% for the Water Intensity indicator.

6. The Financial Product invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment frameworks.

The scope of the eligible securities is reviewed every 6 months at the latest, as described in the transparency code of the Sub-Fund available at [Funds - AXA IM Global](#).

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

The initial investment universe is reduced by at least 20% through the investment strategy described above.

● *What is the policy to assess good governance practices of the investee companies?*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Good governance practices include sound management structures, employee relations, remuneration of

staff and tax compliance.

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

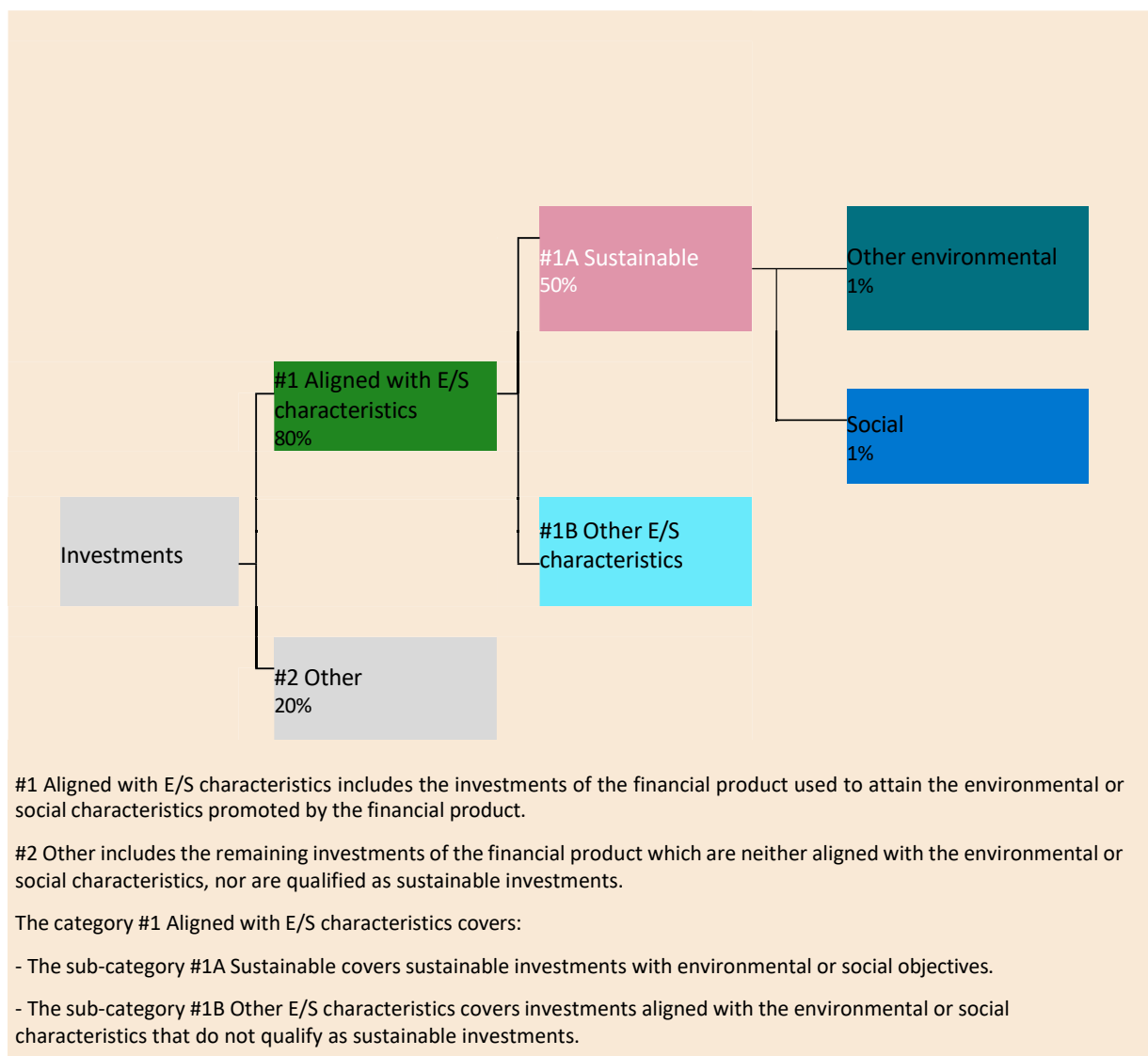


## What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Product commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except

on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● *Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>210</sup> ?*

Yes

In fossil gas

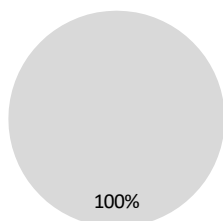
In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

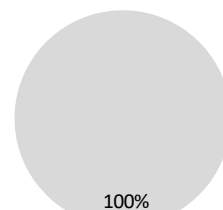
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.


To comply with the EU taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are

<sup>210</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not Applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



Where can I find more product specific information online?

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

As from 9 January 2025, the following SFDR annex applies:

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds People & Planet Equity (formerly AXA World Funds – Longevity Economy) (The “Financial Product”)

**Legal entity identifier:** 213800DW4R9H3NOZT149

## Sustainable investment objective

### Does this financial product have a sustainable investment objective?



**YES**



**NO**

It will make a minimum of **sustainable investments with an environmental objective: 15%**

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_ % of sustainable investments.

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective: 15%**

It promotes E/S characteristics, but **will not make any sustainable investments**





## What is the sustainable investment objective of this financial product?

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "**Benchmark**"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of large, medium and small sized companies in developed and emerging markets equities of worldwide companies of any market capitalization (the "**Investment Universe**").

## What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The attainment of the sustainable investment objective promoted by the Financial Product and described above is measured with the following sustainability indicators:

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the sustainable investment objective described above.

● ***How do the sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("**PAIs**") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Exclusion Policies:**

**- Environmental:**

Relevant AXA IM policies	PAI Indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>211</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
SDG no significantly negative score	PAI 8: Emissions to water
SDG no significantly negative score	PAI 9: Hazardous waste and radioactive waste ratio

**- Social and Governance:**

Relevant AXA IM policies	PAI Indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>212</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
SDG no significantly negative score	PAI 12: Unadjusted gender pay gap
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to “significant contributing impact” to – 10 corresponding to “significant obstructing impact”), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the AXA IM’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments<sup>213</sup>.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption”

<sup>211</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>212</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

<sup>213</sup> except for GSSBs (Green, Social or Sustainability Bonds)

and SDG 14 "Life below water") and AXA IM's framework there enables to mitigate the worst impacts pending the increase on data availability and quality<sup>214</sup>.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

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<sup>214</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied policies as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

AXA IM also relies on the SDG pillar of its sustainable investment framework to consider principal adverse impacts on sustainability factors. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments, by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to "significant contributing impact" to – 10 corresponding to "significant obstructing impact"), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research.

Through those exclusions, stewardship policies and the filter on sustainable investments based on UN SDG score, the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	<b>Relevant AXA IM policies</b>	<b>PAI Indicator</b>
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	No significantly negative UN SDG Score	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	No significantly negative UN SDG Score	
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
No significantly negative UN SDG Score		

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>215</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	No significantly negative UN SDG Score	
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 8: Emissions to water
	No significantly negative UN SDG Score	PAI 9: Hazardous waste and radioactive waste ratio
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	No significantly negative UN SDG Score	
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>216</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	No significantly negative UN SDG Score	
	No significantly negative UN SDG Score	PAI 12: Unadjusted gender pay gap
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	No significantly negative UN SDG Score	
	Controversial weapons policy	PAI 14: Exposure to controversial weapons
No significantly negative UN SDG Score		

For Sovereigns and Supranationals:

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator, and additional optional social indicator.



## What investment strategy does this financial product follow?

<sup>215</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>216</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



The Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and by applying an impact approach.

In line with the sustainable investment objective described above, the Financial Product seeks to invest in companies that demonstrate a strategic commitment to making products, supplying services and/or introducing and maintaining operational behaviour which provides innovative, impactful and commercial solutions to multiple environmental and/or social challenges (such as energy transition, protection of biodiversity, social progress).

The Sub-Fund seeks to achieve its objectives by investing in sustainable companies that support in the long run the United Nations Sustainable Development Goals ("SDGs") No poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Wellbeing (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6), Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Industry, Innovation, and Infrastructure (SDG 9), Reduced Inequality (SDG 10), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), Life below Water (SDG 14), Life on Land (SDG 15) and Peace, Justice and strong Institutions (SDG 16).

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

The Financial Product also bindingly adopts at all times an environmental responsible investment "Best in Universe" selectivity approach. This selectivity approach consists in removing at least the 25% worst values of the Investment Universe, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their Product & Services SDG score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product bindingly applies at all times AXA IM's Impact approach for listed assets, according to which the Investment Manager applies an impact approach in the securities selection process, which considers five key pillars: intentionality (securities targeting a specific positive environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

judged on the likely ability to resolve unmet environmental or social needs), negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social performance of investments).

The Financial Product bindingly commits to have at all times at least 70% of assets invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their Product & Services SDG score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to consider any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

#### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



## What is the asset allocation and the minimum share of sustainable investments?

**Asset allocation** describes the share of investments in specific assets.

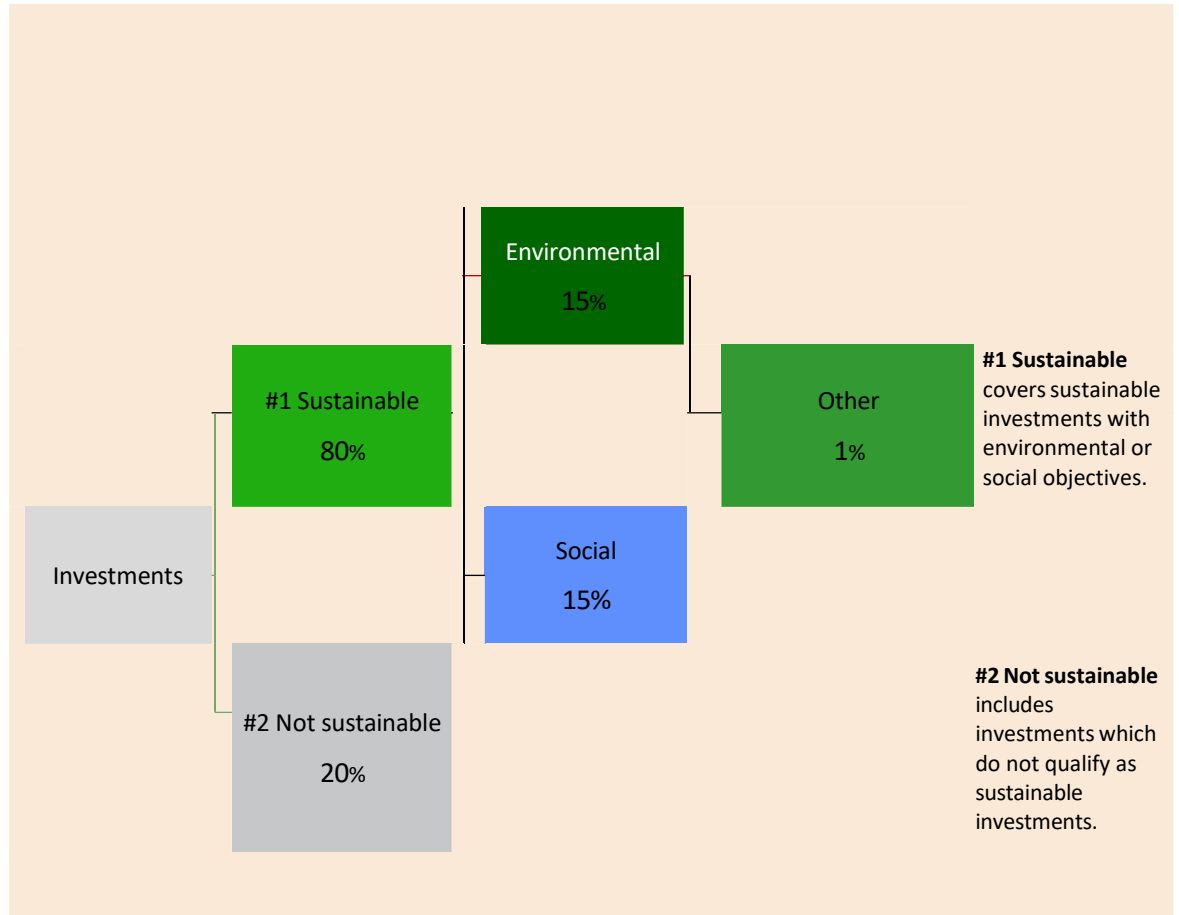
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Financial Product Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

### ● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>217</sup>?**

Yes

In fossil gas

In nuclear energy

No

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage is no appropriate methodology to determine the taxonom

investments that are aligned with the EU Taxonomy. As there alignment of sovereign bonds\*, the first graph shows the ancial product including sovereign bonds, while the second tments of the financial product other than sovereign bonds.

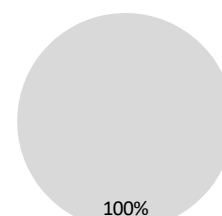
### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



### 2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

<sup>217</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**


Not applicable.

 **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

 **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with social objective is 15% of the Financial Product Net Asset Value.

 **What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "#2 Not Sustainable" assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- cash and cash equivalent investments (being bank deposit, eligible money market instruments and money market funds) used for managing the liquidity of the Financial Product.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com).

More details on AXA IM sustainable investment frameworks are available on: [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com).



Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
AXA WORLD FUNDS - AI & METAVERSE (The "Financial Product")

**Legal entity identifier:** 2138008QSRWTI31JOZ48

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

The Financial Product outperforms its Benchmark on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>218</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>218</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>219</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>219</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>220</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>220</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>221</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product also outperforms its benchmark MSCI AC World Total Return Net (the "Benchmark") on the Carbon Intensity indicator in order to promote the environmental characteristics described above.

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

<sup>221</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product also outperforms its benchmark MSCI AC World Total Return Net (the "Benchmark") on the Carbon Intensity indicator in order to promote the environmental characteristics described above.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

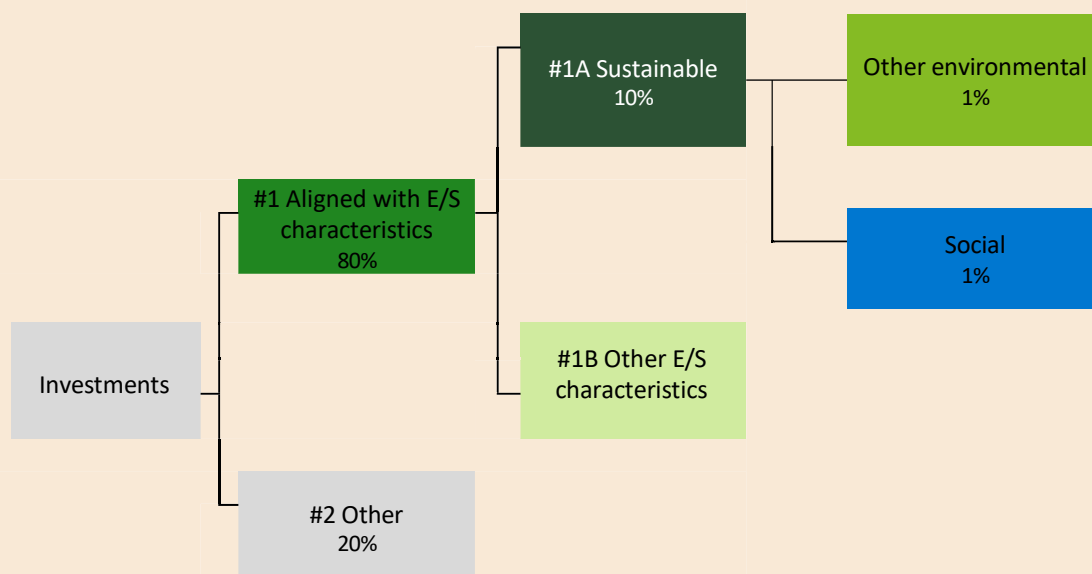


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>222</sup> ?**

Yes

In fossil gas

In nuclear energy

No

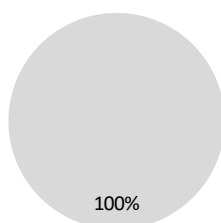
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

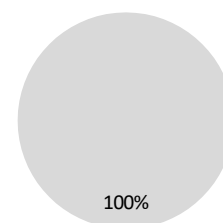
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

<sup>222</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
**Until 9 January 2025, the following name applies:**  
 AXA World Funds Next Generation (The “Financial Product”)  
**As from 9 January 2025, the following name applies:**  
 AXA World Funds Global Small Cap Equity QI (The “Financial Product”)

**Legal entity identifier:** 213800W4SU2RSMIF6142

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES
   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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**What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco

- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

**Until 9 January 2025, the following applies:**

A broad market index, S&P Global Small Cap Total Return Net (the "Benchmark"), has been designated by the Financial Product.

**As from 9 January 2025, the following applies:**

A broad market index, MSCI World Small Cap Total Return Net (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.



The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production

Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>223</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>224</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>223</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>224</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>225</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises

Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<b>respect for human rights, anti-corruption and anti bribery matters</b>	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>226</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **Until 9 January 2025, the following applies:**

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20%

<sup>226</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their G score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

**As from 9 January 2025, the following applies:**

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 9 January 2025, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their G score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperform its Benchmark on at least two ESG Key Performance Indicator that are Carbon intensity and Water Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 9 January 2025, the following applies:**

2. In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The Financial Product outperforms its Benchmark on both of the following sustainability indicators in order to promote the environmental and social characteristics described above.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 75% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

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The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### ● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

**Until 9 January 2025, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 9 January 2025, the following applies:**

There is no committed minimum rate to reduce the scope of the investments considered.

### ● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

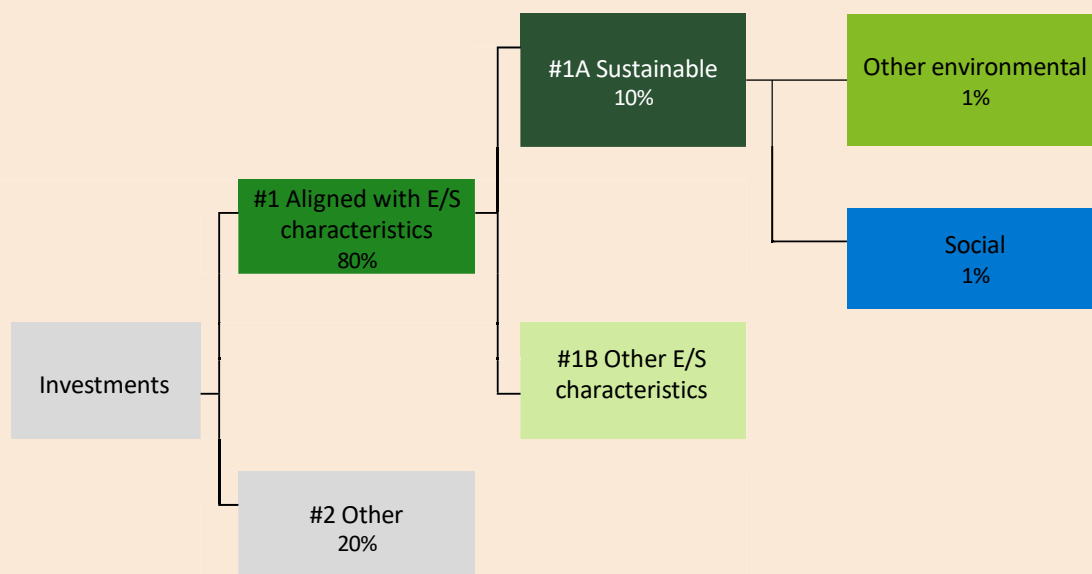


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>227</sup> ?**

Yes

In fossil gas

In nuclear energy

No

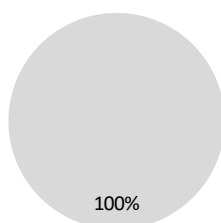
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

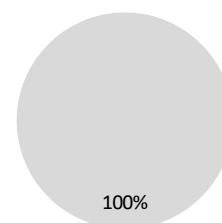
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>227</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Robotech (The “Financial Product”)

**Legal entity identifier:** 213800CU3X4UQM7PY924

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation

- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI AC World Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of large, medium and small sized companies in developed and emerging markets (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

**Until 27 December 2024, the following indicators apply:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.
- The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

**As from 27 December 2024, the following indicator applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.



Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector

Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>228</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>229</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>228</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>229</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>230</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area

<sup>230</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>231</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

**For Sovereigns and Supranationals :**

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#). **Until 27 December 2024, the following applies:**

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized

<sup>231</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#). **Until 27 December 2024, the following applies:**

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon intensity and Water Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon intensity and iii) 70% for the Water Intensity.

The scope of the eligible securities is reviewed every 6 months at the latest, as described in the transparency code of the Sub-Fund available at [Funds - AXA IM Global](#).

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



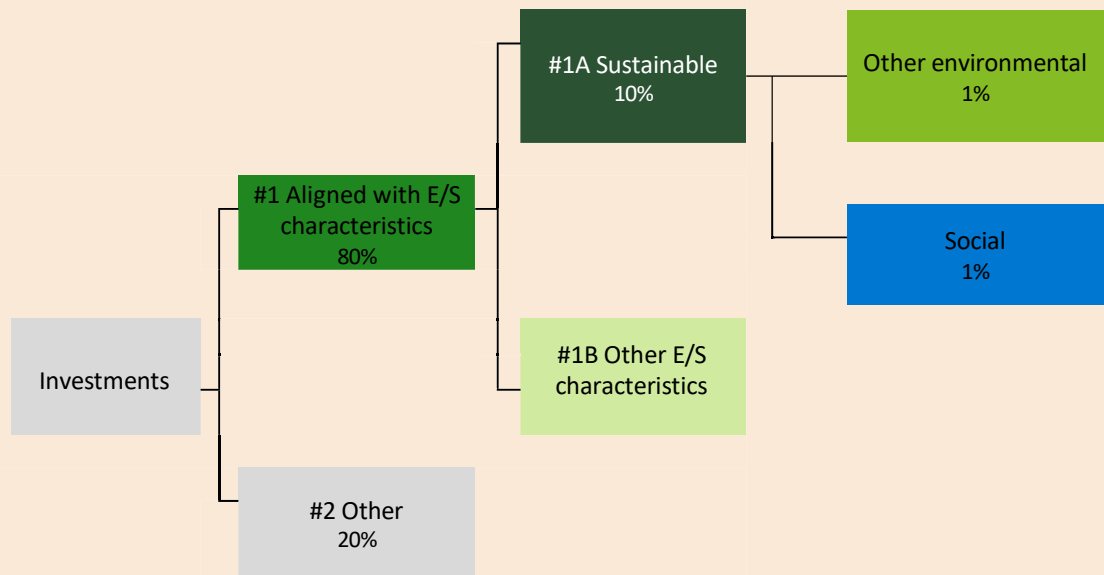


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>232</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

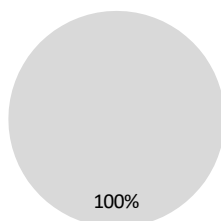
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

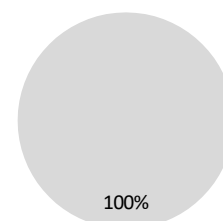
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

<sup>232</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Sustainable Equity QI (The "Financial Product")

**Legal entity identifier:** 21380043259EJLUQF79

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering **gender diversity at board level**.

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities

- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, MSCI World Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of securities that may or may not be constituents of the Benchmark and is composed large, mid and small capitalization securities listed in countries of the Benchmark (which covers developed markets). (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

**Until 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

\*\*\*

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission’s ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
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Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>233</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>234</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

<sup>233</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>234</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

The Paris-aligned Benchmarks exclusions\_CDR (EU) 2020/1818) Article 12(1)(a)-(g)) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI indicator
<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Ecosystem protection & Deforestation policy	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 2: Carbon Footprint
	AXA IM Ecosystem protection & Deforestation policy	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 3: GHG intensity of investee companies
	AXA IM Ecosystem protection & Deforestation policy	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 4: Exposure to companies active in the fossil fuel sector
	AXA IM Climate Risks policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 5: Share of non-renewable energy consumption and production
	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>235</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 6: Energy consumption intensity per high impact climate sector
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>236</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

<sup>235</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

<sup>236</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

**As from 27 December 2024**, the Investment Manager also selects investments by applying an extra-financial approach based on the exclusion filters as described in those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/policies-and-reports).

### Until 27 December 2024, the following applies:

The Financial Product also promotes environmental and/or social characteristics by investing in issuers aiming to support on the long run SDGs with a focus on both the environmental (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes.

The Financial Product bindingly applies an ESG Score Upgrade Approach on its Investment Universe, according to which the ESG scoring of the Financial Product is higher than the scoring of the investment universe after removing at least the 20% worst ESG Scores, on a weighted average basis.

### As from 27 December 2024, the following applies:

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

The Financial Product bindingly applies an ESG Score Upgrade Approach on its Investment Universe, as defined above, according to which the ESG scoring of the Financial Product is higher than the scoring of the Investment Universe after removing at least the 25% worst values based on a combination of sustainability-related exclusions applicable to the Financial products and their ESG Scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

## What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable

Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

**Until 27 December 2024, the following applies:**

2. The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of the investment universe, after removing at least the 20% worst ESG Scores, on a weighted average basis, excluding cash held on an ancillary basis and Solidarity Assets. The Investment universe contains securities that may or may not be constituents of the Benchmark and is composed large, mid and small capitalisation securities listed in countries of the Benchmark (which covers developed markets).

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product bindingly applies at all times an ESG "scoring upgrade" approach, according to which the ESG scoring of the Financial Product is higher than the scoring of the Investment Universe, as defined above, after removing at least the 25% worst values based on a combination of sustainability-related exclusions applicable to the Financial products, notably described above, and their ESG scores, on a weighted average basis, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further

described on dedicated methodological document our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Water Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Water Intensity indicator.

**As from 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



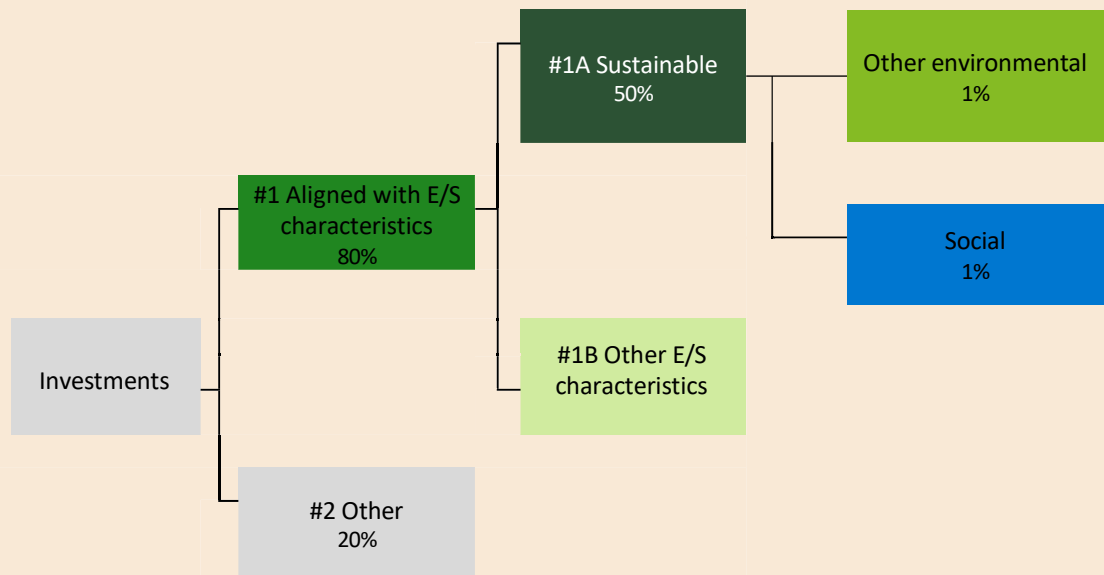


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>237</sup> ?**

Yes

In fossil gas

In nuclear energy

No

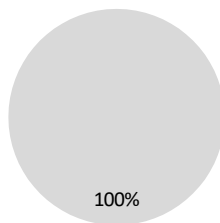
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

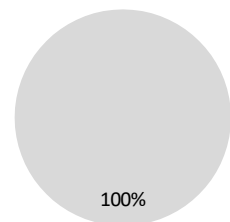
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

<sup>237</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Switzerland Equity (The "Financial Product")

**Legal entity identifier:** 2138001ELXVWPC8ELB48

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>238</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>238</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>239</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>239</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>240</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>240</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>241</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

<sup>241</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

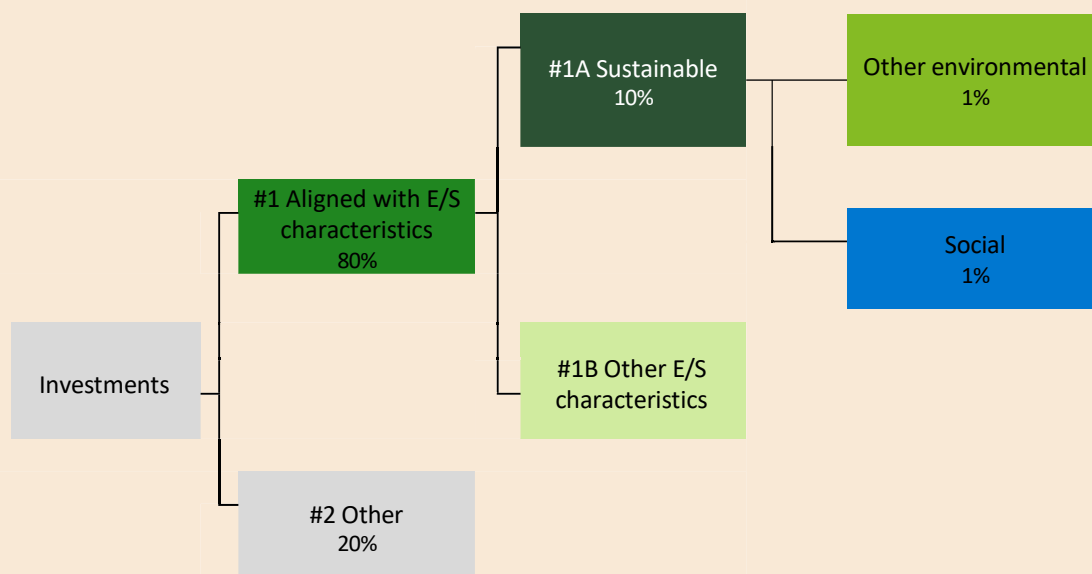


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>242</sup> ?**

Yes

In fossil gas

In nuclear energy

No

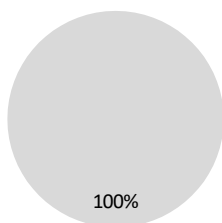
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

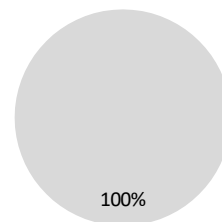
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

<sup>242</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS UK Equity (The "Financial Product")

**Legal entity identifier:** 213800C215XQXI3S8M28

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE All Share Total Return Gross (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>243</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>243</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>244</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>244</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>245</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>245</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



	mechanisms to monitor compliance with those standards) <sup>246</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

**For Sovereigns and Supranationals :**

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

<sup>246</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

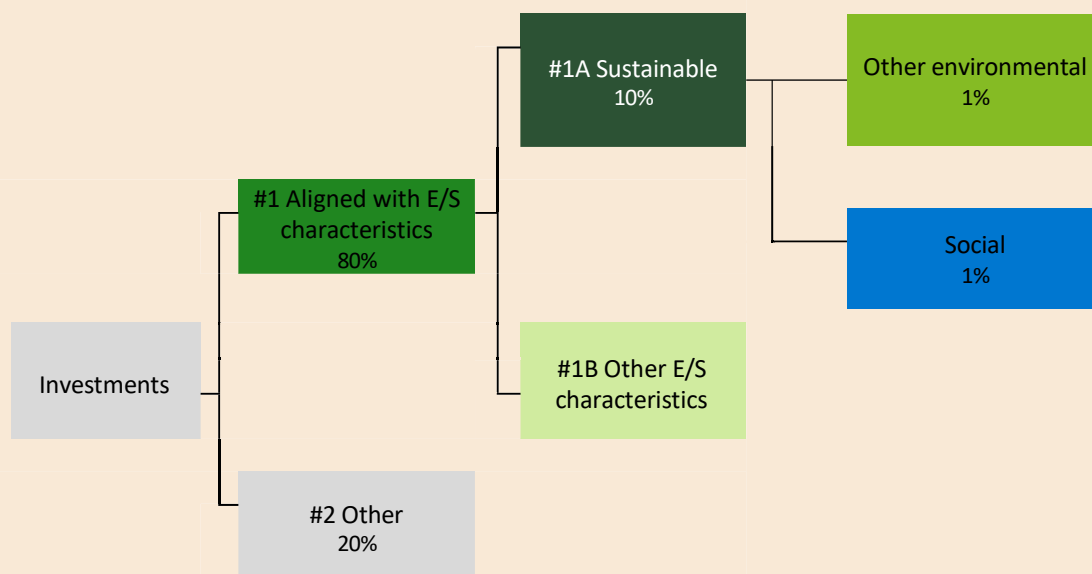


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>247</sup> ?**

Yes

In fossil gas

In nuclear energy

No

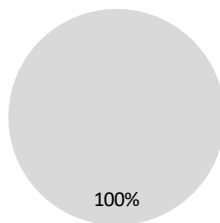
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

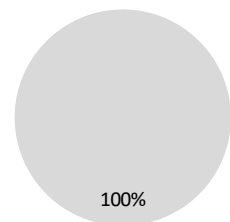
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>247</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
**Until 27 December 2024, the following name applies:**  
 AXA World Funds US Responsible Growth (The “Financial Product”)  
**As from 27 December 2024, the following name applies:**  
 AXA World Funds US Growth (The “Financial Product”)

**Legal entity identifier:** 213800J7BKEI6B8FJO48

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

- The environmental and social characteristics promoted by the Financial Product consist of investing in:
- issuers considering their **carbon intensity**.
- The Financial Product also promotes other specific environmental and social characteristics, mainly:
- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
  - Protection of ecosystem and prevention of deforestation
  - Better health with exclusion on tobacco



- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, S&P 500 Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as Equities of all US domiciled companies (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>248</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>248</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas
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- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>249</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>249</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>250</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>250</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	mechanisms to monitor compliance with those standards) <sup>251</sup>	
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

### ● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

<sup>251</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Financial Product Sub-Fund, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and liquid assets held on an ancillary basis and solidarity assets.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***



The initial investment universe is reduced by at least 20% through the investment strategy described above.

**Good governance**  
practices include sound  
management  
structures, employee  
relations, remuneration  
of staff and tax  
compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

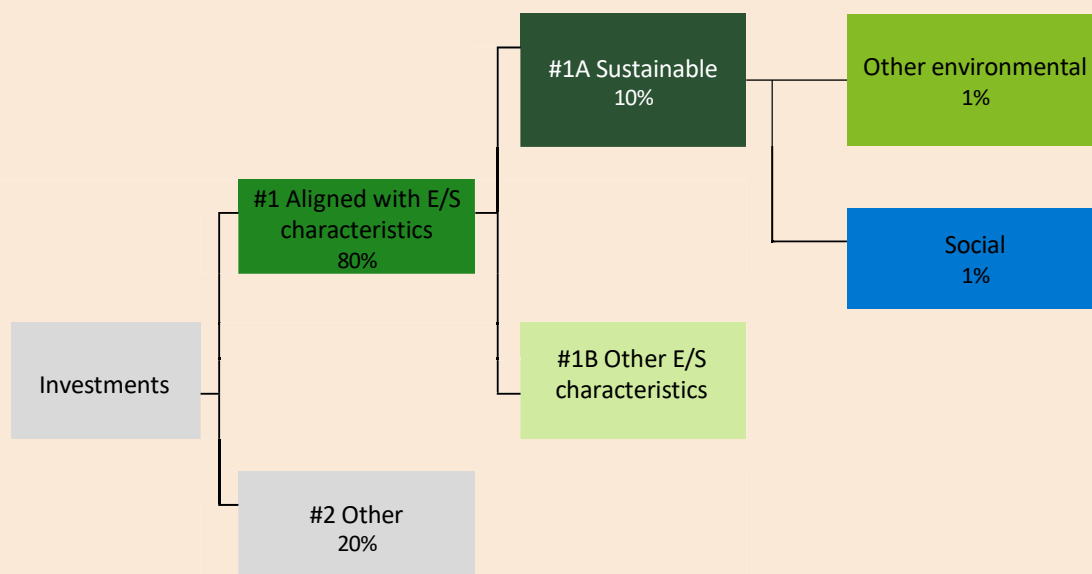


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>252</sup> ?**

Yes

In fossil gas

In nuclear energy

No

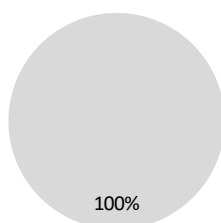
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

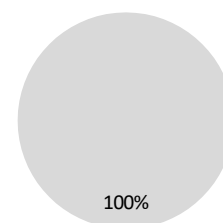
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

<sup>252</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS - AXA SPDB China A Opportunities (The "Financial Product")

**Legal entity identifier:** 213800HUKS2IOCCFLP68

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, CSI300 (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:



For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	
	Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>253</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>254</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>253</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>254</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

### **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

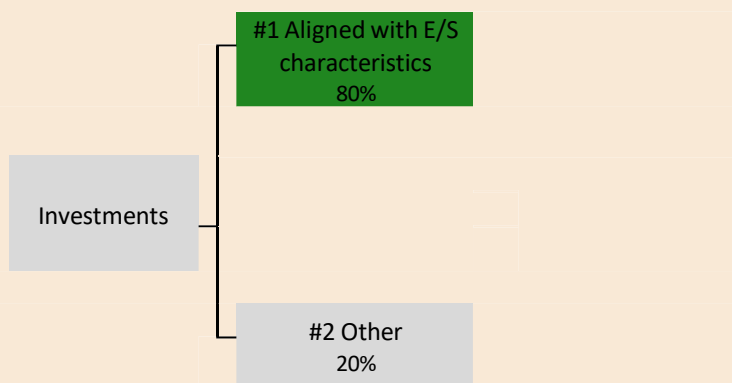


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>255</sup> ?**

Yes

In fossil gas

In nuclear energy

No

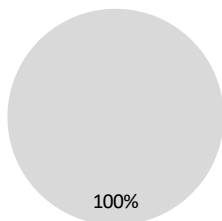
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

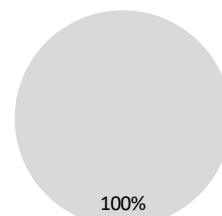
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

are sustainable investments with an environmental objective that do not take into account the criteria for

● **What is the minimum share of investments in transitional and enabling activities?**

Not Applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>255</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Asian Short Duration Bonds **Legal entity identifier:** 213800LZNVBI2B851392  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, J.P. Morgan Asia Credit Markets (JACI) (the "Comparison Portfolio"), has been designated by the Financial Product

The initial investment universe of the Financial Product will be defined as the Comparison Portfolio (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:



(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>256</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>257</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>256</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>257</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable

development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 75% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

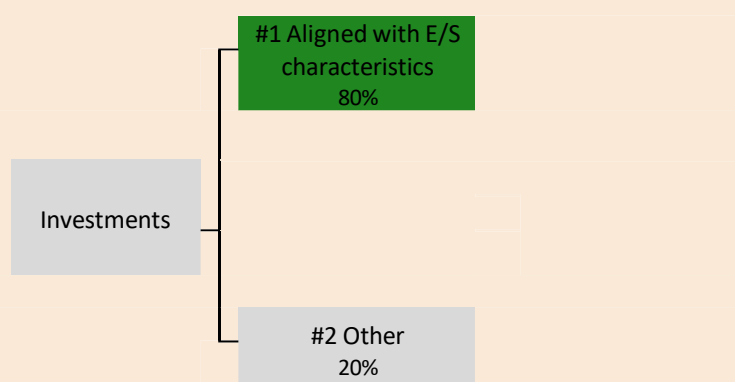


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>258</sup> ?**

Yes

In fossil gas

In nuclear energy

No

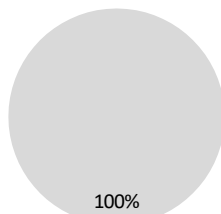
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

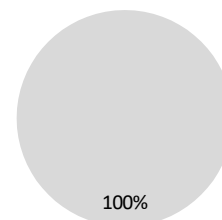
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.



are sustainable investments

with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

<sup>258</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated index composing the Comparison Portfolio is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** AXA WORLD FUNDS Euro 7-10 (The "Financial Product")

**Legal entity identifier:** 213800BPPRBYRDW39K69

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EMEA EURO BROAD INVESTMENT GRADE BOND 7-10 YRS (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

## ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

### **3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>259</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>260</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>259</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>260</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>261</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>261</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>262</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>262</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different

methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

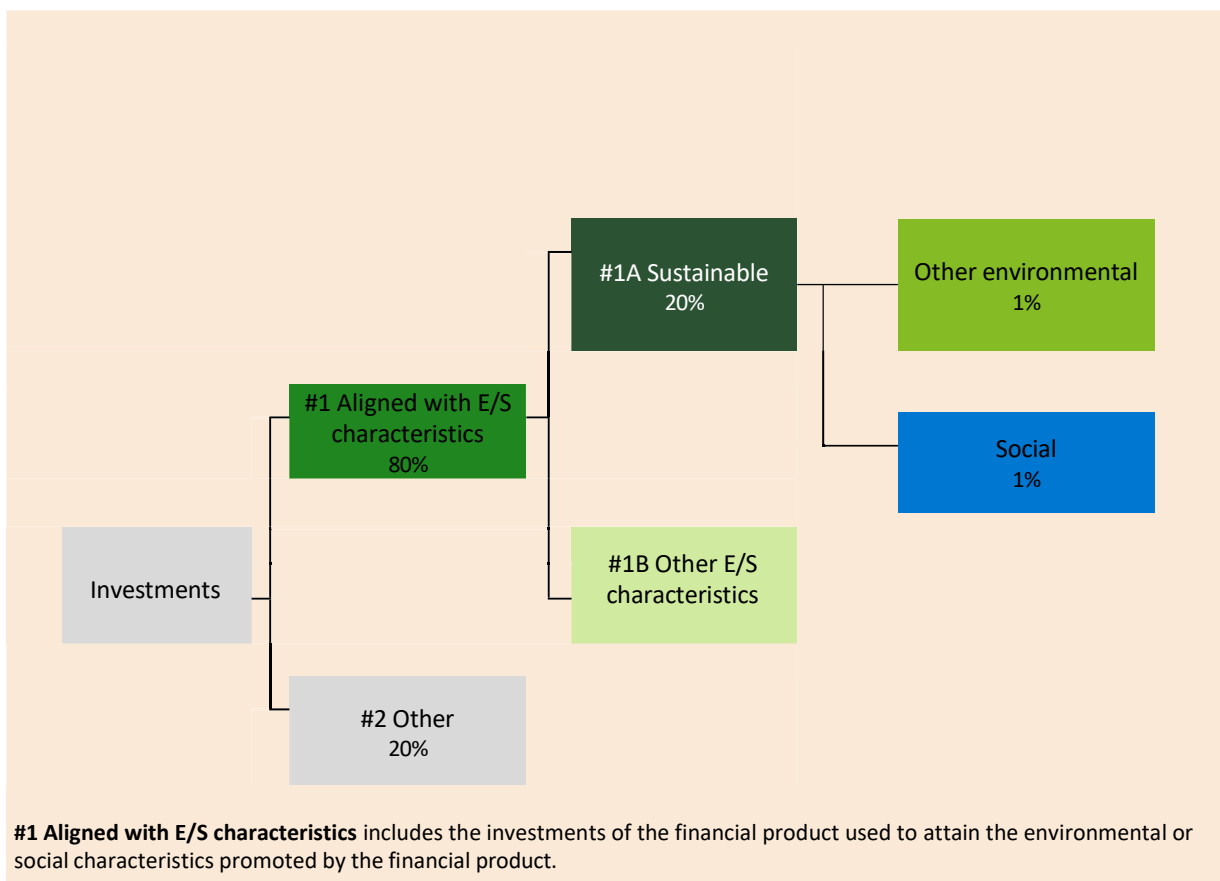


**What is the asset allocation planned for this financial product?**

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.





**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>263</sup> ?**

Yes

In fossil gas

In nuclear energy

No

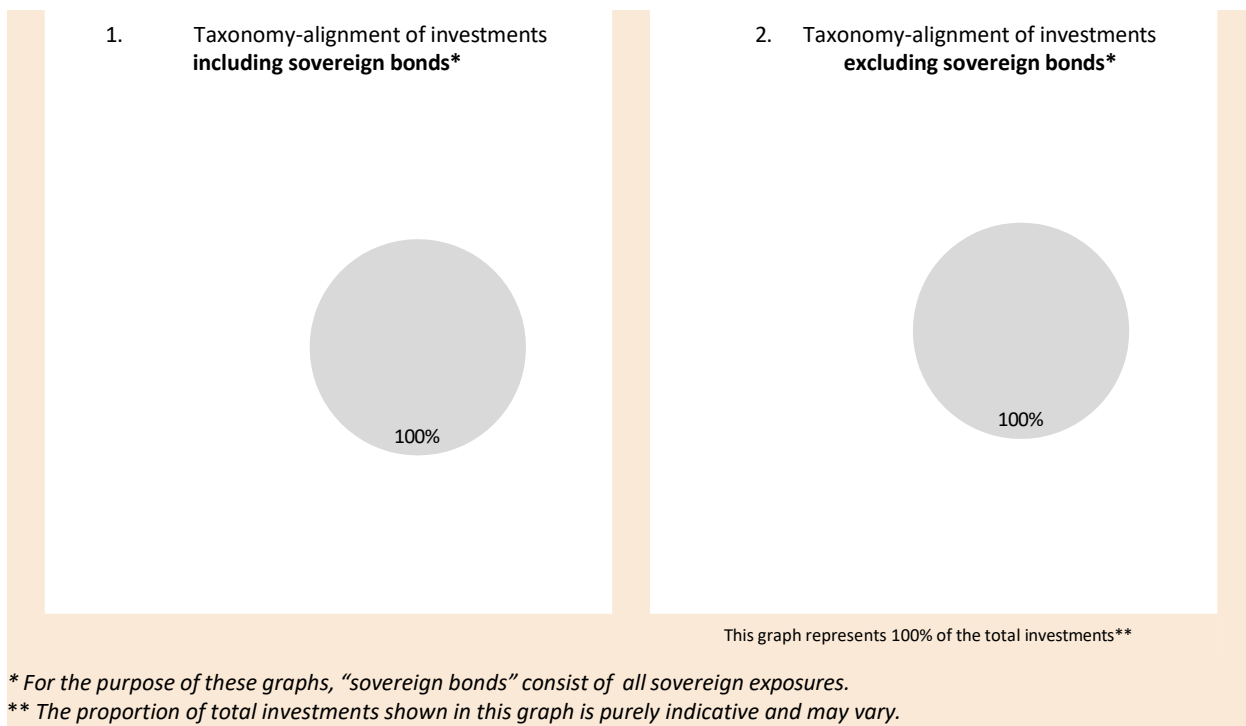
*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>263</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS – EURO LONG DURATION BONDS (The “Financial Product”)

**Legal entity identifier:** 213800BZN8BM2BYMBD28

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EMEA EURO BROAD INVESTMENT GRADE BOND 10+ YRS (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

## ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

### **3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>264</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>265</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>264</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>265</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>266</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>266</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>267</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>267</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different

methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

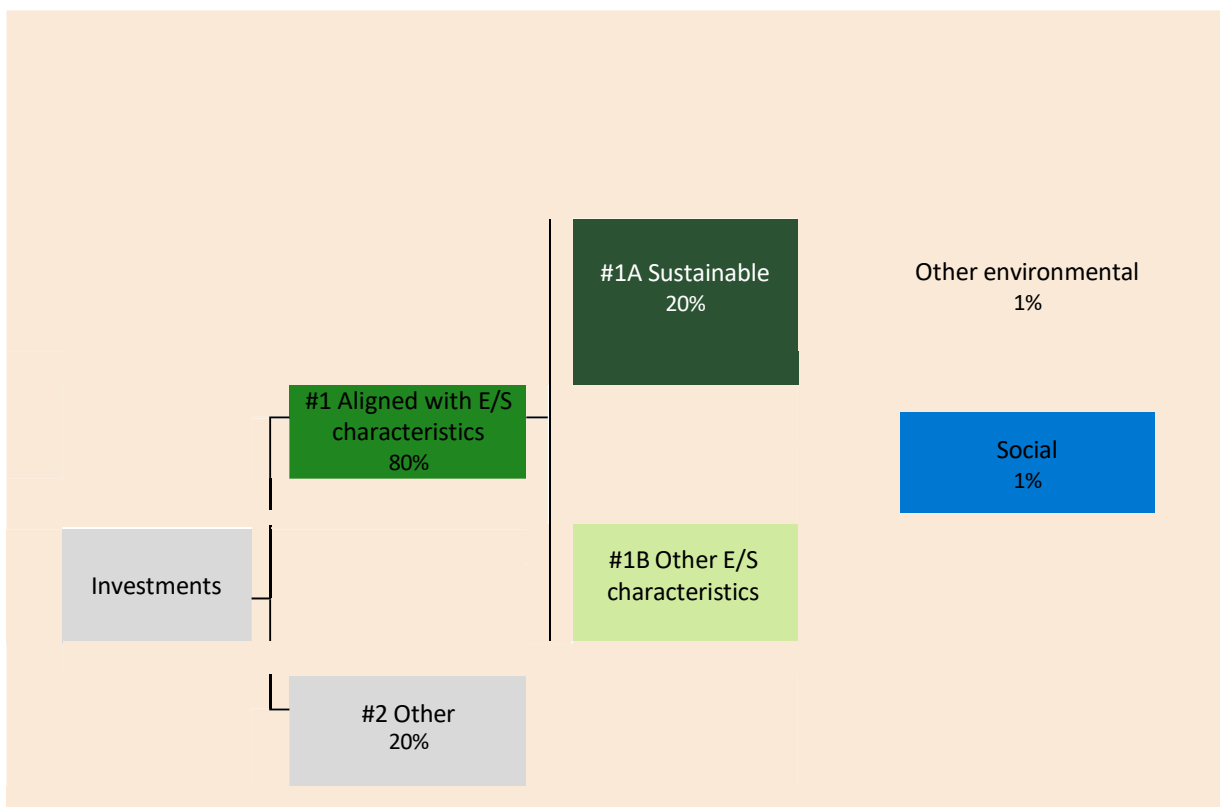


**What is the asset allocation planned for this financial product?**

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>268</sup> ?**

Yes

In fossil gas

In nuclear energy

No

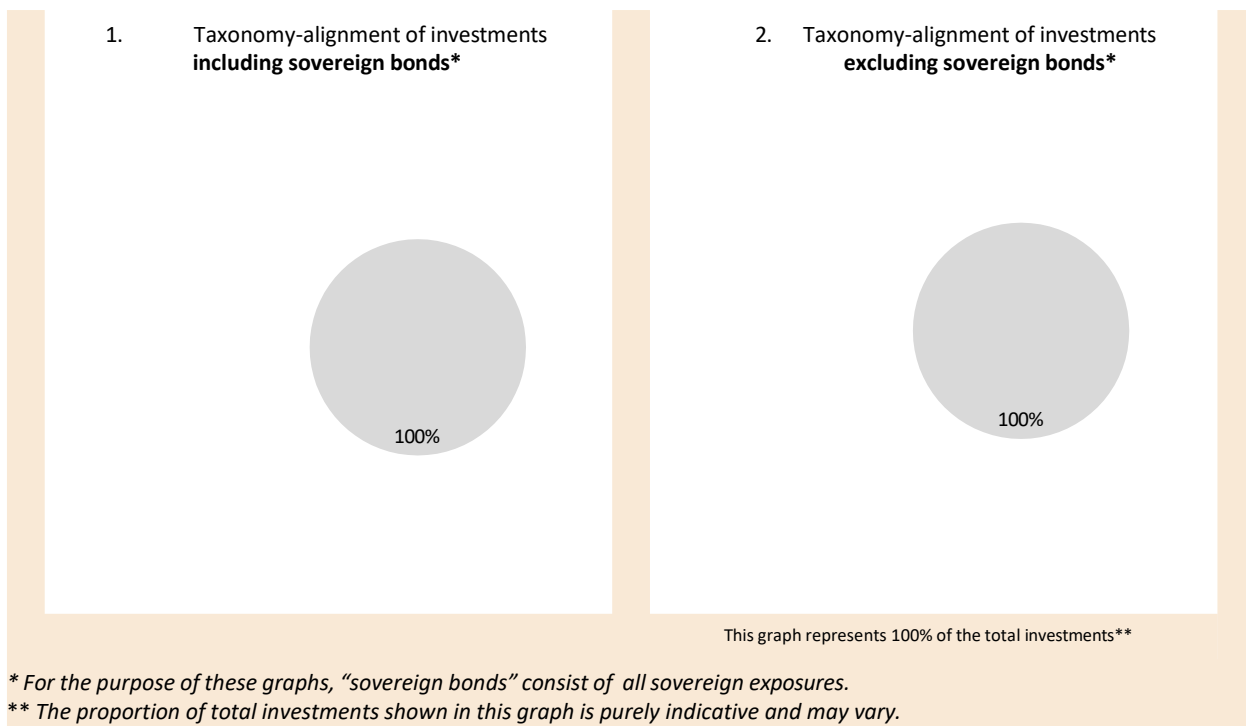
*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>268</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).



Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Euro Bonds (The "Financial Product")

**Legal entity identifier:** 213800N97SPA2JJBT880

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering the **ESG score** further described below.

**As from 27 December 2024, the following applies:**

- issuers that consider **gender diversity at board level**.
- issuers considering their **carbon intensity**.

\*\*\*

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities

- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EMEA EURO BROAD INVESTMENT GRADE BOND (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of debt instruments from public and private issuers issued in Euro and of all maturities (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

**Until 27 December 2024, the following applies:**

The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

**As from 27 December 2024, the following applies:**

- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.
- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

\*\*\*

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

### 3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

### ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

#### *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>269</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>270</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

<sup>269</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>270</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
Climate and other environment related indicators	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	
		PAI 3: GHG intensity of investee companies

	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>271</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>272</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

<sup>271</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>272</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



**The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.** **Until 27 December 2024, the following applies:**

The Financial Product promotes environmental and/or social characteristics through the consideration of the issuer ESG score and the application of several exclusion policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the investment universe as defined by the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis.

**As from 27 December 2024, the following applies:**

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach consists of removing at least the 30% of the worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. In addition, the Financial Product always outperforms the ESG score of the investment universe as defined by the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis.

**As from 27 December 2024, the following applies:**

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe, that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach consists of removing at least the 30% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described



above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

**As from 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Women on Board and Carbon Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Women on Board indicator and iii) 55% for the Carbon Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

**Until 27 December 2024, the following applies:**

There is no committed minimum rate to reduce the scope of the investments considered.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 30% through the investment strategy described above.

**What is the policy to assess good governance practices of the investee companies?**

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

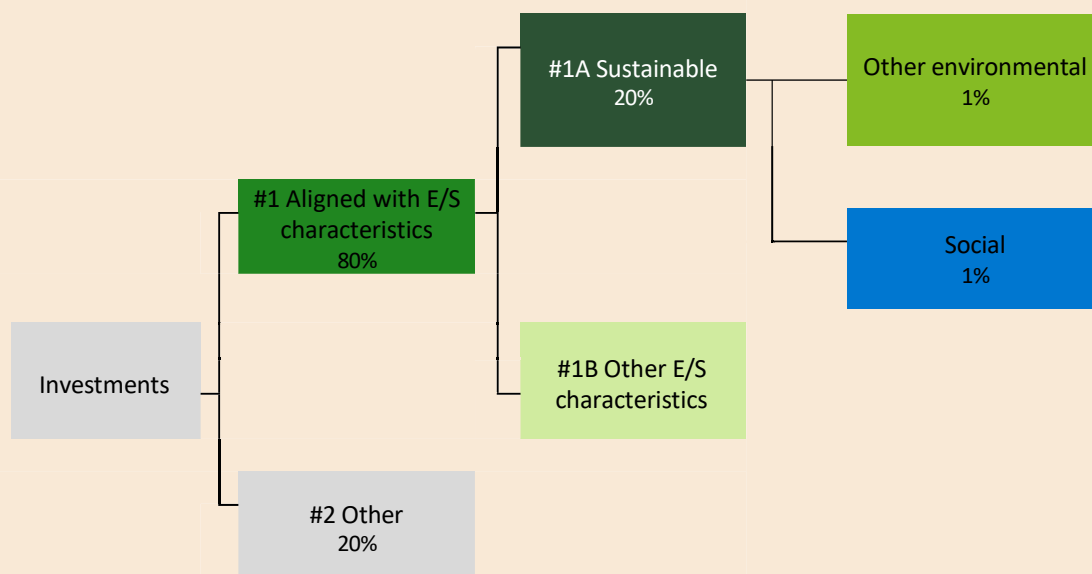


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>273</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

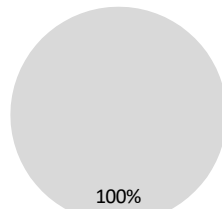
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

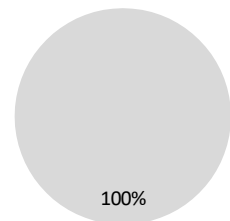
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

<sup>273</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Euro Buy and Maintain Sustainable Credit (The "Financial Product")

**Legal entity identifier:** 213800YNBXQUVXK3YX10

## Environmental and/or social characteristics

Until 27 December 2024, the following applies:

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**

As from 27 December 2024, the following applies:

**Does this financial product have a sustainable investment objective?**

YES   NO

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ____%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ____%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



**What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering their **water intensity**.

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.
- issuers considering **gender diversity at board level**.

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed



No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA EMU Corporate (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed mainly of EUR denominated Credit Investment Grade securities with diversification in Global Credit Investment Grade securities (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

**Until 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Water Intensity of the Financial Product and of the Benchmark, represents the amount of water diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, and municipal. It includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.

\*\*\*

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

### ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

#### ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>274</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>275</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

<sup>274</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>275</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

The Paris-aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI indicator	
<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) AXA IM Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) AXA IM Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 4: Exposure to companies active in the fossil fuel sector	
	AXA IM Climate Risks policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 5: Share of non-renewable energy consumption and production	
	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>276</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 6: Energy consumption intensity per high impact climate sector	
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
	<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
		AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>277</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational
AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity		PAI 13: Board Gender diversity	
AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)		PAI 14: Exposure to controversial weapons	

For Sovereigns and Supranationals :

<sup>276</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

<sup>277</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators .



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

### As from 27 December 2024, the following applies:

The Investment Manager also selects investments by applying an extra-financial approach based on the exclusion filters as described in those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### As from 27 December 2024, the following applies:

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

\*\*\*

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

### Until 27 December 2024, the following applies:

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

### As from 27 December 2024, the following applies:

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities



issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly invests at least 50% (**as from 27 December 2024, until this date, the percentage is 40%**) in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#)

**Until 27 December 2024, the following applies:**

The Financial Product applies a socially responsible investment selectivity approach Best-in-Class on its Investment Universe, that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as



United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**Until 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and water intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the carbon intensity indicator and iii) 70% for the water intensity indicator.

**As from 27 December 2024, the following applies:**

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 25% through the investment strategy described above. The threshold will be increased to 30% starting from January 1st, 2026.

● ***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

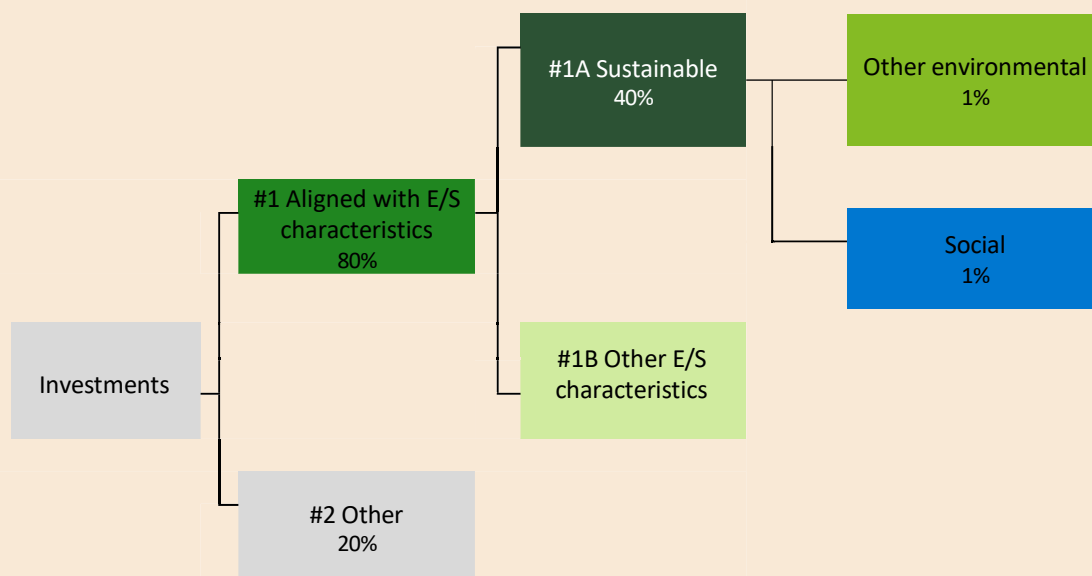


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



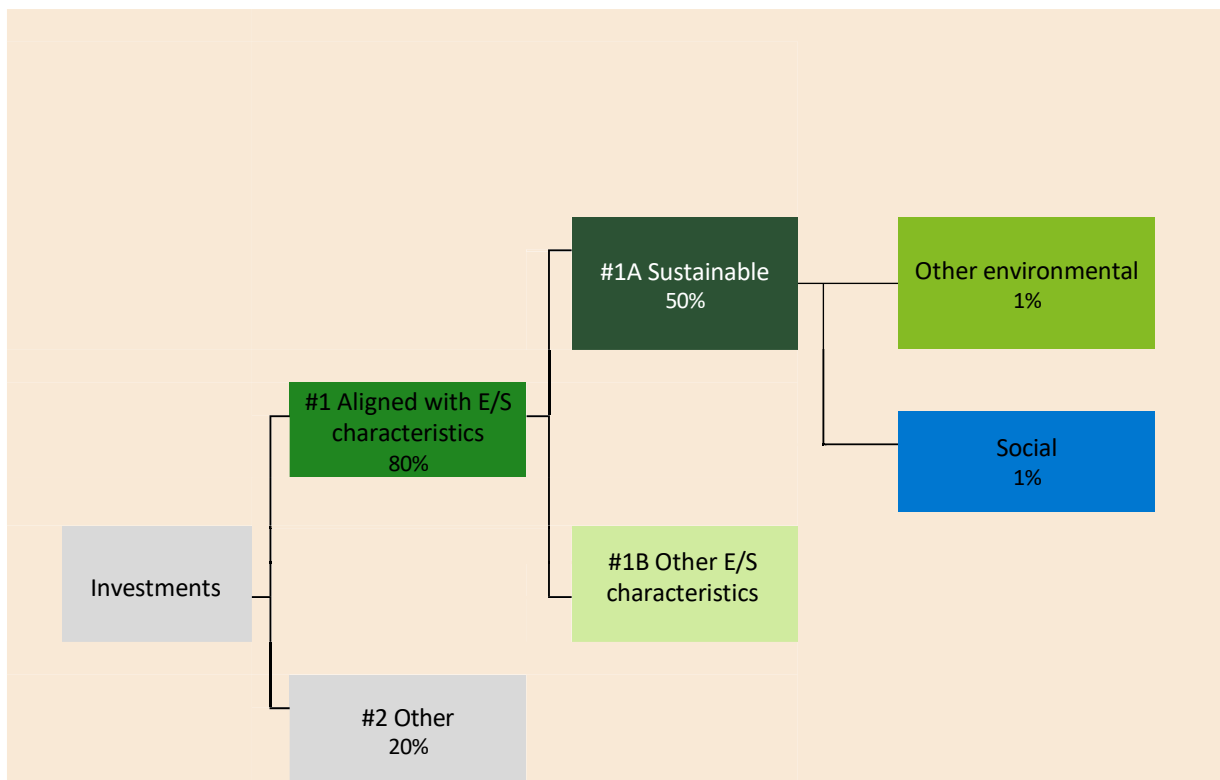
**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

**Until 27 December 2024, the above applies.**



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

**As from 27 December 2024, the above applies.**

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

**Until 27 December 2024**, the planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 40% of the Financial Product Net Asset Value.

**As from 27 December 2024**, the planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>278</sup> ?**

Yes

In fossil gas

In nuclear energy

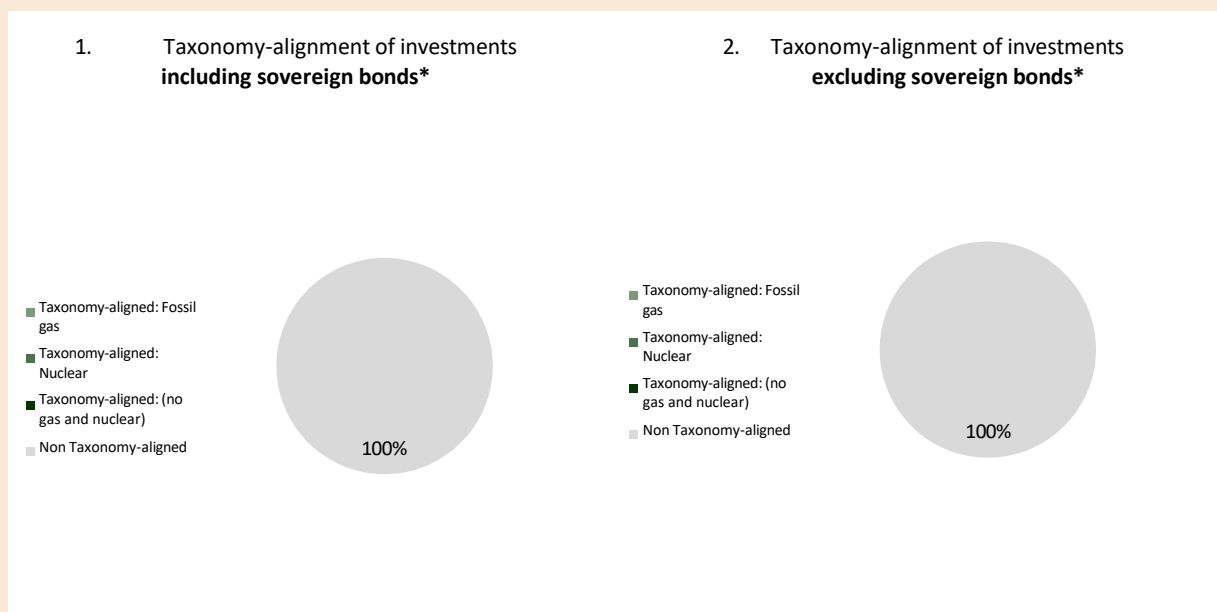
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

<sup>278</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Euro Credit Plus (The "Financial Product")

**Legal entity identifier:** 2138007ZICBGB7W37J32

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA EMU Corporate (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

#### **3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>279</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>280</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>279</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>280</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>281</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>281</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>282</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>282</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the investment strategy described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on the Investment Manager's Sectorial Exclusion Policies and ESG Standards Policy are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#)

2. The Financial Product invests at least 40% in Sustainable assets as defined by the application of the AXA IM sustainable investment frameworks.

3. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

4. The ESG analysis coverage rate within the portfolio is at least 88% of the net assets of the Financial Product, this rate being calculated according to the weighted average assets allocation mix in the Financial Product between minimum 90% ESG analysis coverage rate for securities rated Investment Grade and minimum 75% ESG analysis coverage rate for a median exposure of 15% to securities rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



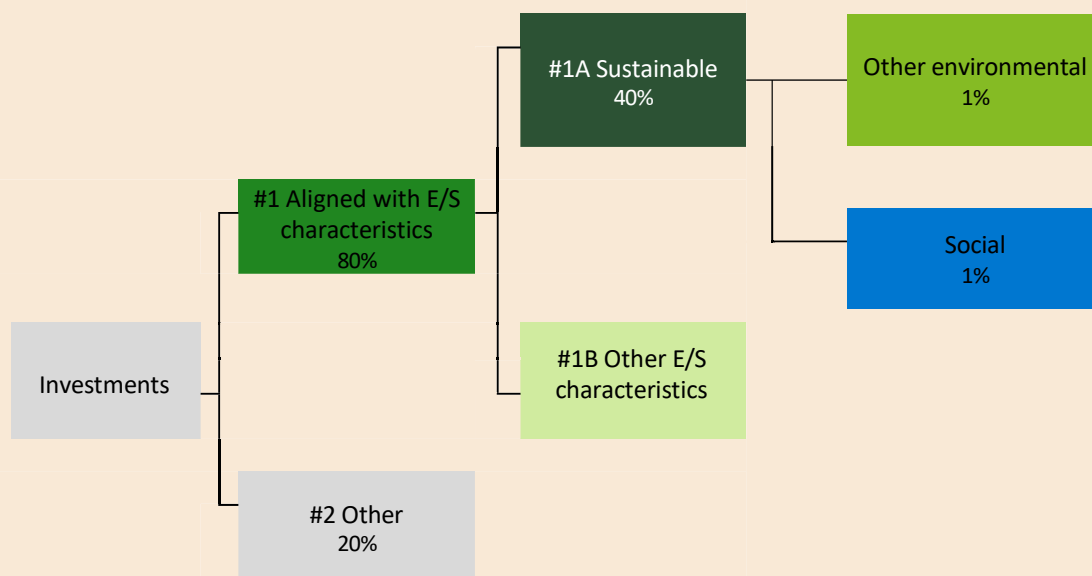


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 40% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>283</sup> ?**

Yes

In fossil gas

In nuclear energy

No

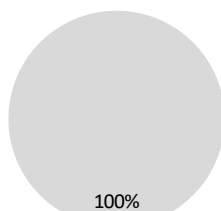
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

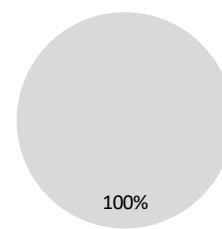
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>283</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Euro Credit Short Duration **Legal entity identifier:** 213800R84TOP7WXDMI25  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA 1-3 Yr EMU Corporates (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

## ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

### **3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>284</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>285</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>284</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>285</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>286</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>286</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>287</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>287</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the investment strategy described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion and ESG Standards Policies as a first exclusion filter which are (i) encompassing areas such as Controversial Weapons, Climate risks, Soft Commodities (commodities based on food, agriculture or the marine) and Ecosystem Protection & Deforestation and Tobacco, and (ii) the Financial Product also applies the AXA IM's Environmental, Social and Governance standards policy ("ESG Standards") integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as white phosphorus weapons and by excluding investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. The Financial Product invests at least 40% in Sustainable assets as defined by the application of the AXA IM sustainable investment frameworks.

3. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

4. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

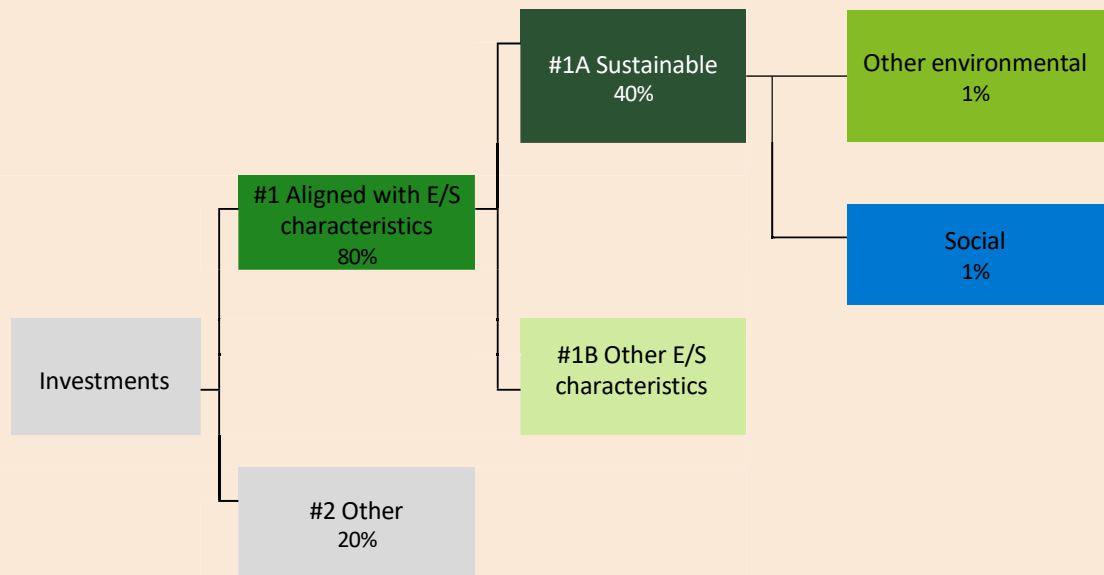


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 40% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>288</sup> ?**

Yes

In fossil gas

In nuclear energy

No

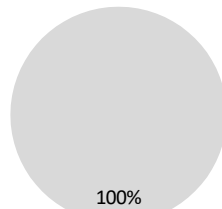
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

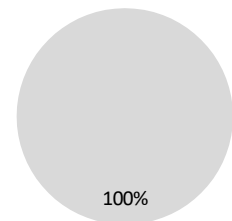
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>288</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).



**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Euro Credit Total Return      **Legal entity identifier:** 213800FPDKN4GVHVJI39  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

The initial investment universe of the Financial Product will be defined as the Comparison Portfolio (the "Investment Universe").

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of BofA Euro Corporate and ICE BofA Euro High Yield (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

3. **Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>289</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>290</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>289</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>290</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>291</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>291</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>292</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>292</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate within the portfolio is moving in accordance with the moving asset allocation composition as decided by the Investment Manager from time to time, this rate being calculated according to the weighted average assets allocation mix in the Financial Product between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated investment grade, and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated sub-investment grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and



may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

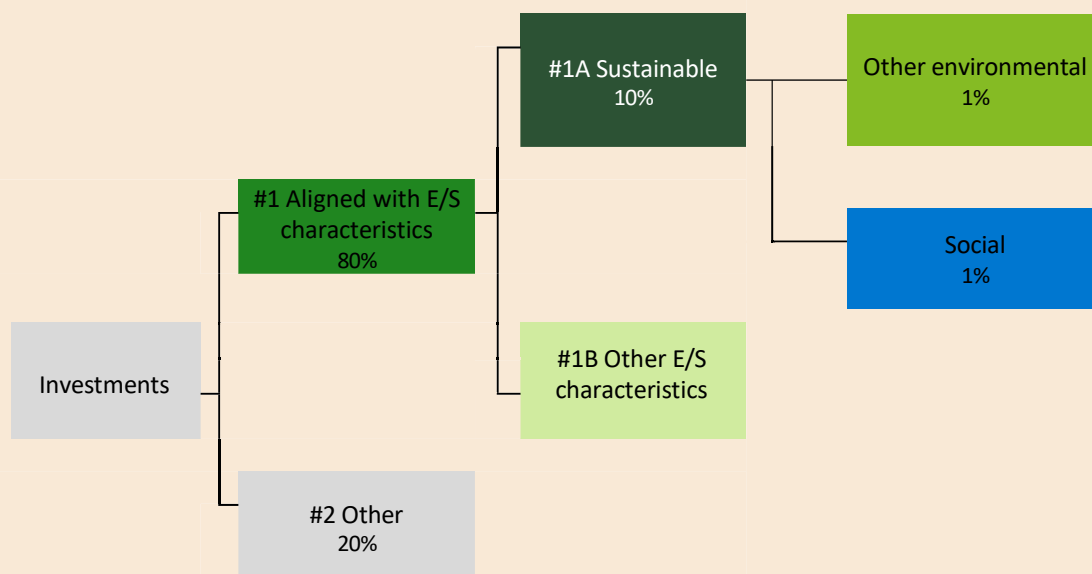


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>293</sup> ?**

Yes

In fossil gas

In nuclear energy

No

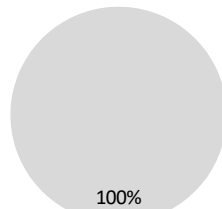
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

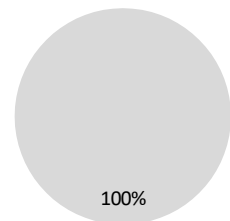
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>293</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, JP Morgan EMU Investment Grade (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>294</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>295</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>294</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>295</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.





## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### ● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### ● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

### ● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

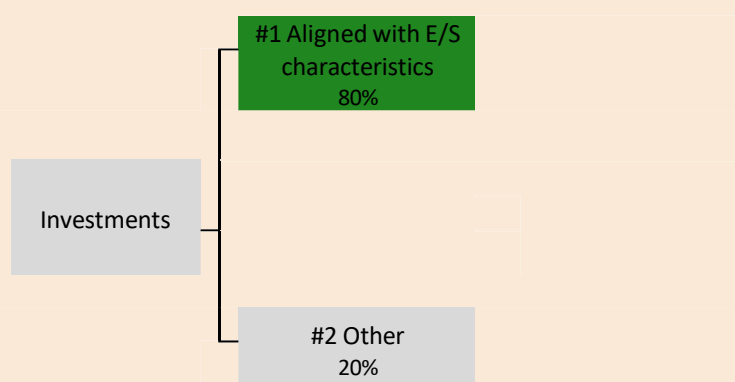


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>296</sup> ?**

Yes

In fossil gas

In nuclear energy

No

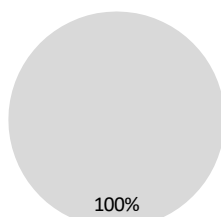
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

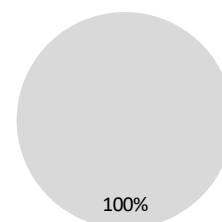
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>296</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Euro Inflation Bonds (The "Financial Product") **Legal entity identifier:** 2138002DL7V1IO568C73

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, Bloomberg Euro Govt Inflation-Linked All Mat (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>297</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>298</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>297</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>298</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.





## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### ● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### ● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

### ● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

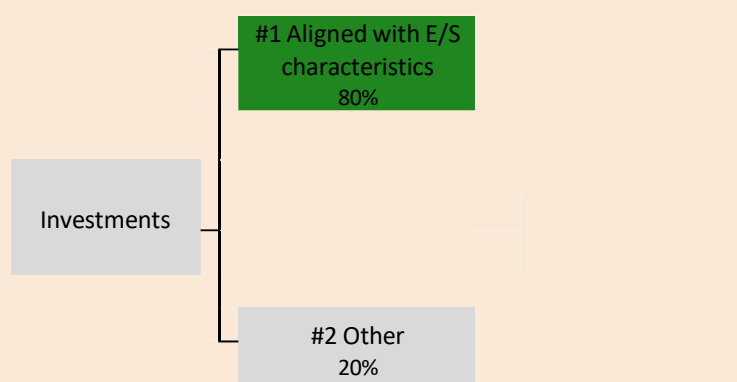


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>299</sup> ?**

Yes

In fossil gas

In nuclear energy

No

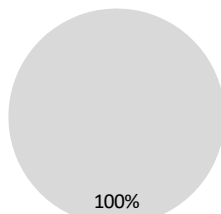
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

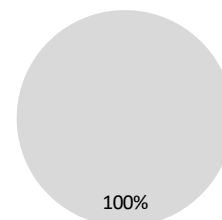
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>299</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



### **What is the minimum share of socially sustainable investments?**

Not applicable.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Euro Short Duration Bonds **Legal entity identifier:** 213800ZUBY6R8JABBZ11  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EMEA EURO BROAD INVESTMENT GRADE BOND 1-5 YRS (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

The Financial Product outperforms its Benchmark on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint



	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>300</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>301</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>300</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>301</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>302</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>302</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>303</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>303</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different

methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

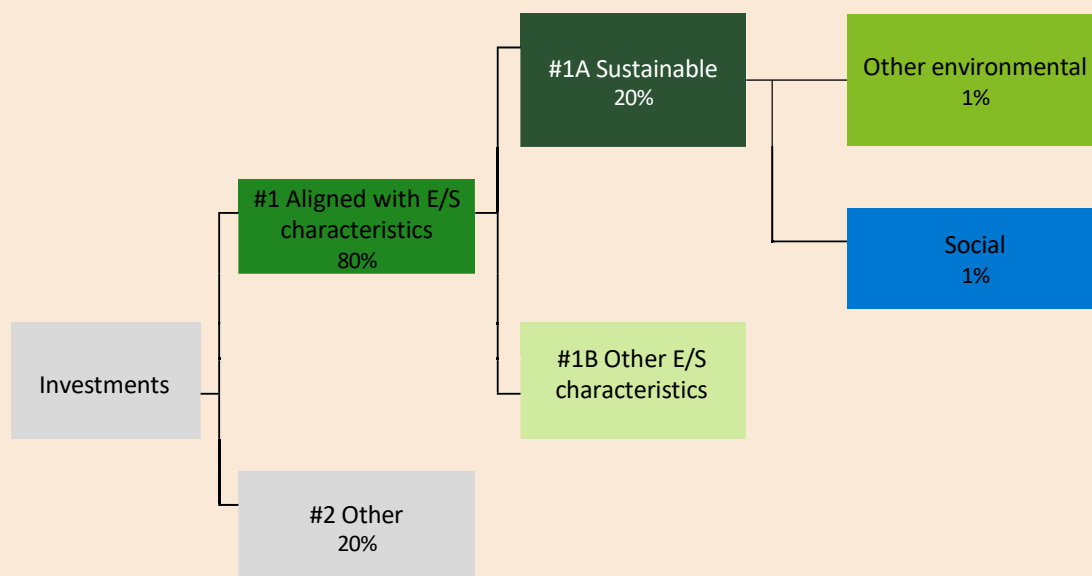


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>304</sup> ?**

Yes

In fossil gas

In nuclear energy

No

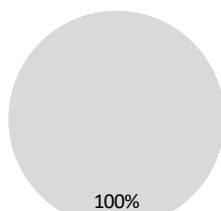
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

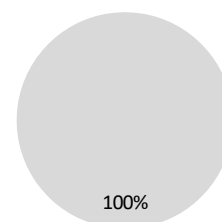
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>304</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Euro Strategic Bonds (The "Financial Product") **Legal entity identifier:** 2138006GTA831JB41E69

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

The initial investment universe of the Financial Product will be defined as the Comparison Portfolio (the "Investment Universe").

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of 90% FTSE EMEA Euro Broad Investment Grade Bond +10% ICE BofA Euro High Yield (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>305</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>306</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>305</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>306</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>307</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>307</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>308</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

<sup>308</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different

methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

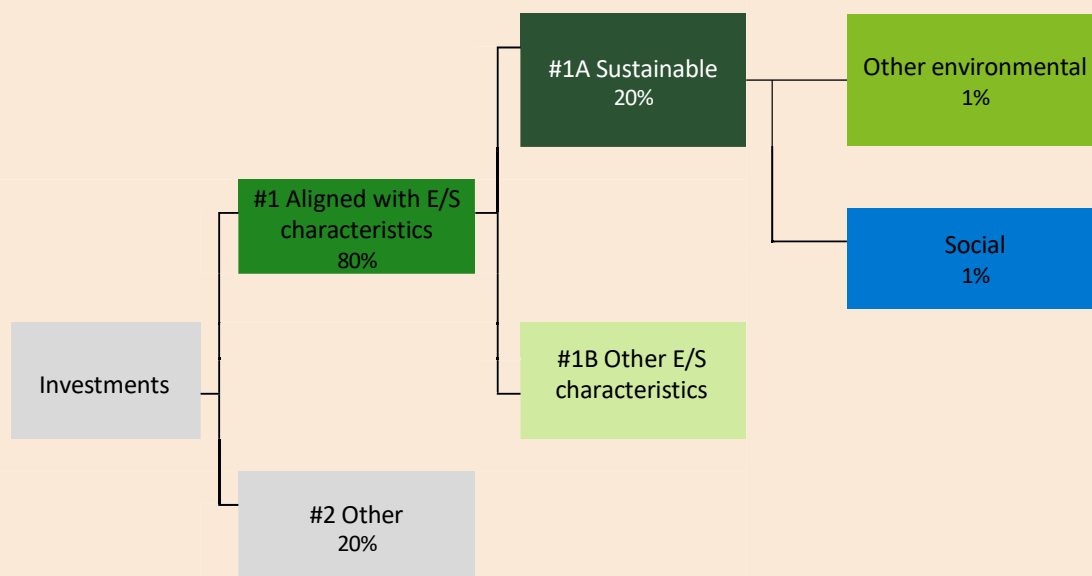


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>309</sup> ?**

Yes

In fossil gas

In nuclear energy

No

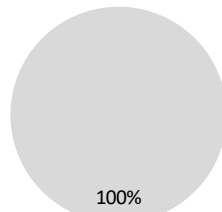
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

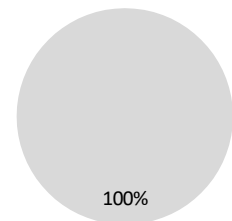
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>309</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Euro Sustainable Bonds (The "Financial Product") **Legal entity identifier:** 213800Q7PQMMDP47F43

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers that consider **gender diversity at board level**.
- issuers considering their **carbon intensity**.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EMEA EURO BROAD INVESTMENT GRADE BOND (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of debt instruments from public and private issuers issued in Euro and of all maturities (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.
- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability



strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is taking into consideration the criteria of the EU Taxonomy environmental objectives. It aims at considering (1) climate change mitigation and (2) climate change adaptation objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

The Financial Product also complies with the DNSH principle under the Taxonomy Regulation.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
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**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>310</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>311</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such,

<sup>310</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>311</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

#### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

#### As of 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

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Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

**The Paris-aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g) listed in the table below apply only as from 27 December 2024.**

	Relevant AXA IM policies and regulatory requirements	PAI indicator
<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 4: Exposure to companies active in the fossil fuel sector
	AXA IM Climate Risks policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 5: Share of non-renewable energy consumption and production
	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>312</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 6: Energy consumption intensity per high impact climate sector
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>313</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational
	AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 14: Exposure to controversial weapons	

**For Sovereigns and Supranationals :**

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations

<sup>312</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

<sup>313</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

AXA IM Compliance black-list based on international and EU sanctions
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(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

## What investment strategy does this financial product follow?

### As from 27 December 2024, the following applies:

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

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Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### As from 27 December 2024, the following applies:

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

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The Financial Product also promotes environmental and/or social characteristics by investing in issuers aiming to support on the long run SDGs with a focus on both the environmental (green buildings, low carbon transport, smart energy solutions, sustainable ecosystem etc.) and social (Empowerment, Inclusion, Health & Safety, etc.) themes.

### Until 27 December 2024, the following applies:

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

### As from 27 December 2024, the following applies:

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

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The Financial Product is also managed using a socially responsible investment (SRI) approach.

## What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Financial Product bindingly invests at least 50% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its investment universe, defined as the debt instruments from public and private issuers issued in Euro and of all maturities. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the investable universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe, that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets. The threshold will be increased to 30% starting from January 1st, 2026.

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AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational



risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/sustainability-policies-and-reports).

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Women on Board and Carbon Intensity at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Women on board indicator and iii) 70% for the Carbon Intensity indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Women on Board indicator and iii) 55% for the Carbon Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

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The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 25% through the investment strategy described above. The threshold will be increased to 30% starting from January 1st, 2026.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.





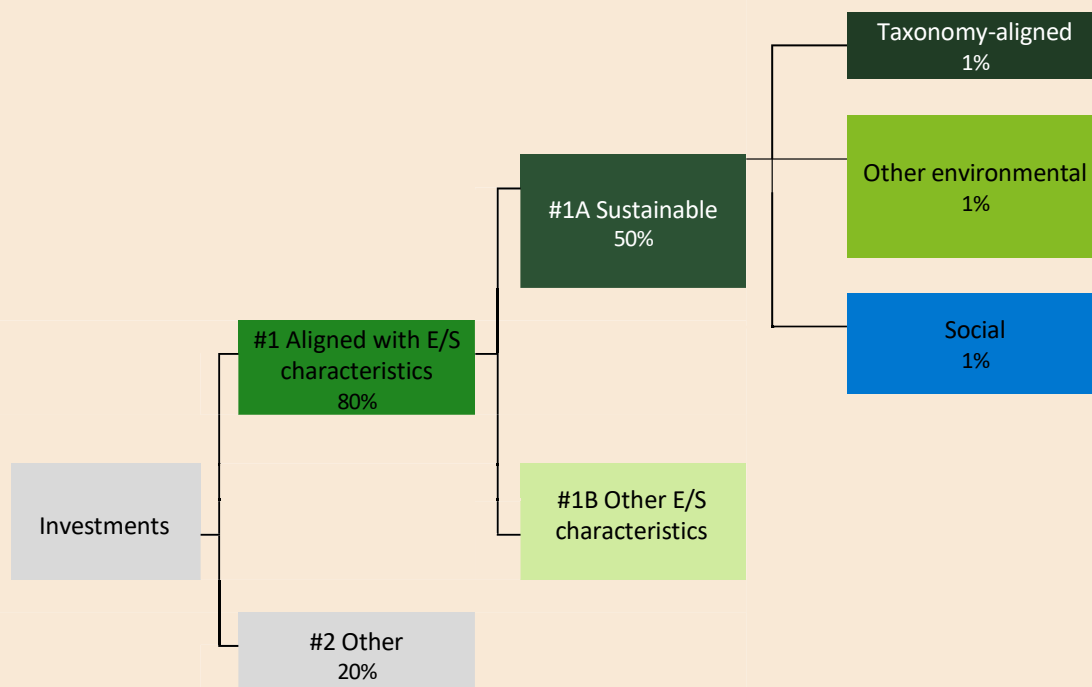


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product takes into consideration the criteria of the EU Taxonomy environmental objectives and the "do not significantly harm" principles.

2. The minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy is 1.0 % of the Financial Product Net Asset Value.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>314</sup> ?**

Yes

In fossil gas

In nuclear energy

No

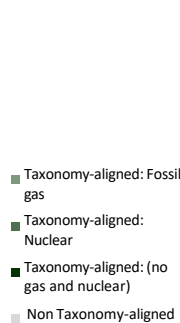
To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

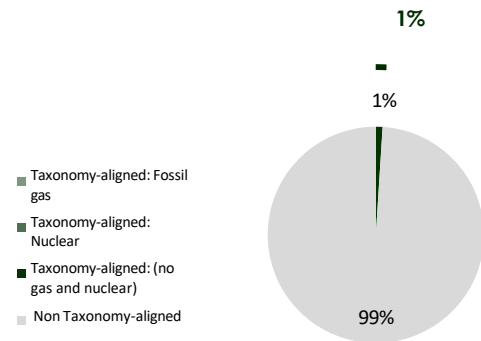
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary. As such, the representation of minimum Taxonomy alignment made in this graph may also vary.

are sustainable investments with an environmental

● **What is the minimum share of investments in transitional and enabling activities?**

<sup>314</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The minimum share of investments in transitional and enabling activities is 1% of the Financial Product Net Asset Value. The Financial Product does not commit to a minimum share of investments in enabling and transitional activities and the minimum share is consequently 0%.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Euro Sustainable Credit (The "Financial Product") **Legal entity identifier:** 2138006TWRTUKT9NE169

## Environmental and/or social characteristics

Until 27 December 2024, the following applies:

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40 % of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

As from 27 December 2024, the following applies:

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective**: \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

**Until 27 December 2024, the following applies:**

- issuers that consider **gender diversity at board level**.
- issuers considering their **carbon intensity**.

**As from 27 December 2024, the following applies:**

- issuers considering their **carbon intensity**.

\*\*\*

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA Euro Corporate 1-10 Yrs (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

**Until 27 December 2024, the following applies:**

- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.
- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

**As from 27 December 2024, the following applies:**

- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

\*\*\*

The Financial Product outperforms its Benchmark on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process



are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
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**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>315</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>316</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such,

<sup>315</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>316</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

i)

#### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

#### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

\*\*\*

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

#### For Corporates:

	Relevant AXA IM policies and regulatory requirements	PAI indicator
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<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g)) AXA IM Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 4: Exposure to companies active in the fossil fuel sector	
	AXA IM Climate Risks policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 5: Share of non-renewable energy consumption and production	
	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>317</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 6: Energy consumption intensity per high impact climate sector	
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
	<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
		AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>318</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational
AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity		PAI 13: Board Gender diversity	
AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818) Article 12(1)(a)-(g))		PAI 14: Exposure to controversial weapons	

For Sovereigns and Supranationals :

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations

<sup>317</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

<sup>318</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

AXA IM Compliance black-list based on international and EU sanctions
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(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

## What investment strategy does this financial product follow?

### As from 27 December 2024, the following applies:

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in (i) AXA IM's Sectorial Exclusion and ESG Standards Policies and (ii) those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

\*\*\*

Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### As from 27 December 2024, the following applies:

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

\*\*\*

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

### Until 27 December 2024, the following applies:

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

The Financial Product is also managed using a socially responsible investment (SRI) approach.

### As from 27 December 2024, the following applies:

The Financial Product uses an "extra-financial indicator improvement" approach, by outperforming the Carbon Intensity extra-financial indicator by at least 20% compared to its Investment Universe, as defined above, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

## What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly invests at least 50% (as from 27 December 2024, until this date, the percentage is 40%) in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation. In addition, the Financial Product bindingly applies at all times the following elements described below.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities ( based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

4. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Women on board and Carbon Intensity at all times.

5. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Women on board and iii) 70% for the Carbon Intensity.

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product uses an "extra-financial indicator improvement" approach, by outperforming the Carbon Intensity extra-financial indicator by at least 20% compared to its Investment Universe, as defined above, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

3. In addition, the investment strategy outperforms its Benchmark on at least one ESG Key Performance Indicator that is Carbon Intensity at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Until 27 December 2024, the following applies:

The initial investment universe is reduced by at least 20% through the investment strategy described above.

As from 27 December 2024, the following applies:

There is no committed minimum rate to reduce the scope of the investments considered.

● **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

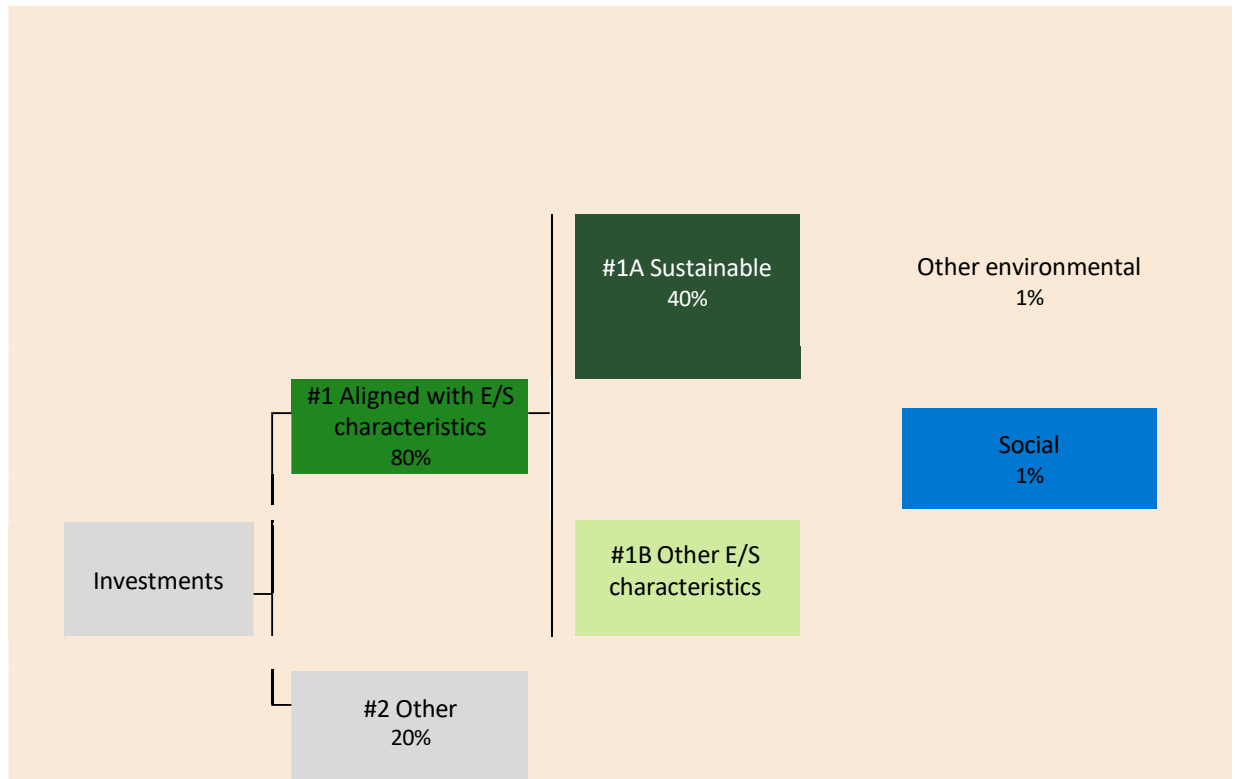
In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance**  
practices include sound  
management  
structures, employee  
relations, remuneration  
of staff and tax  
compliance.



## What is the asset allocation planned for this financial product?

Until 27 December 2024, the following applies:



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 40% of the Financial Product Net Asset Value.

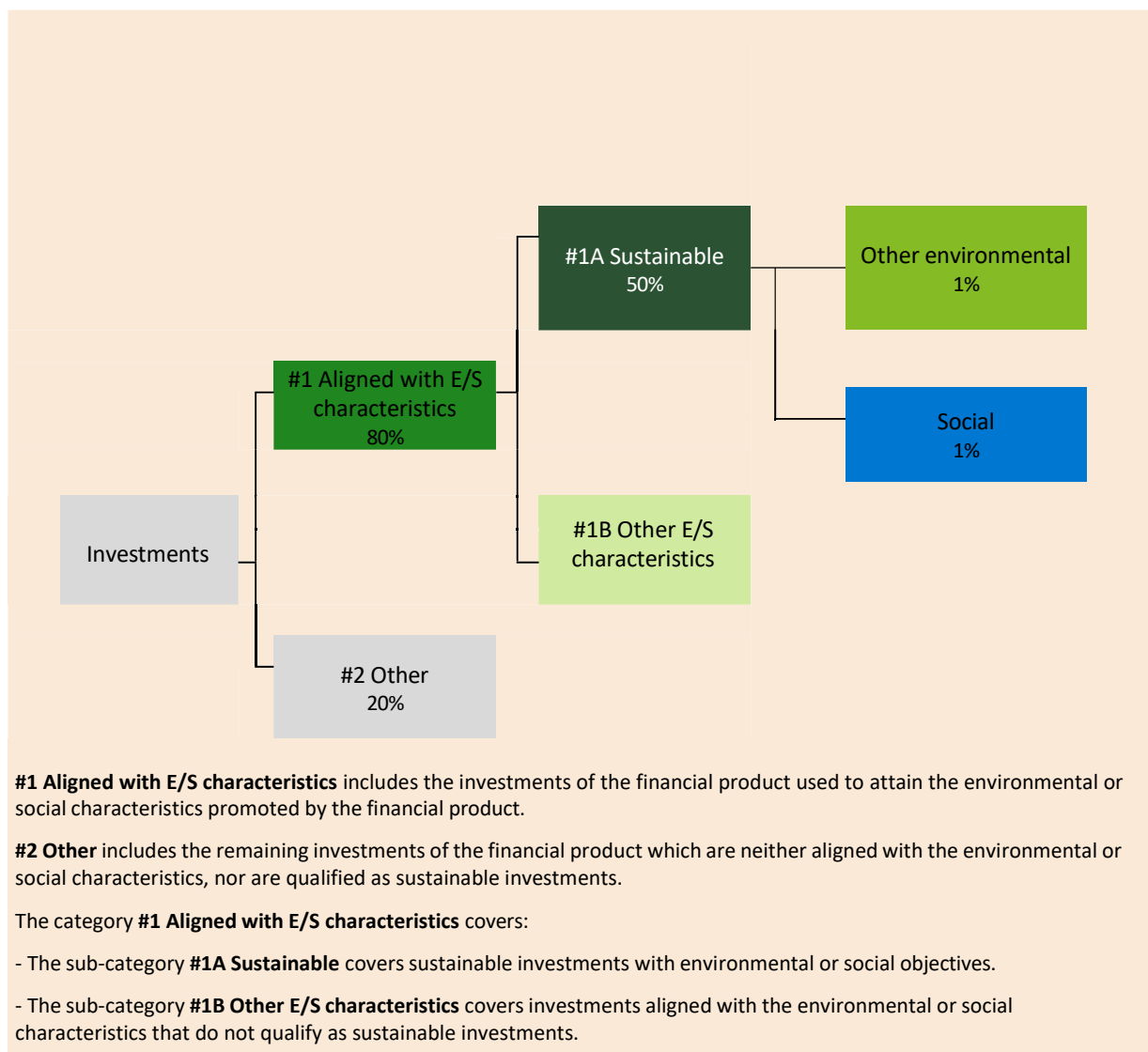
The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

As from 27 December 2024, the following applies:

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 50% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>319</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

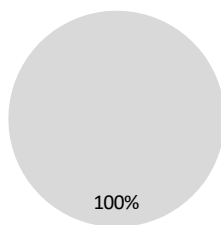
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

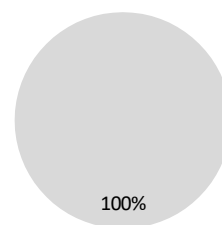
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>319</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Buy and Maintain Credit (The "Financial Product") **Legal entity identifier:** 213800D3RM8S2NWSUD74

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA Global Corporate Hedged USD (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

## ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

### **3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint



	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>320</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>321</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>320</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>321</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>322</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>322</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>323</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific sectorial exclusions such as white phosphorus weapons and exclusion of investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>323</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

The Financial Product also promotes environmental and/or social characteristics by investing in issuers qualifying as sustainable investments based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organisation.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the investment strategy described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities ( based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on the Investment Manager's Sectorial Exclusion Policies and ESG Standards Policy are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

2. The Financial Product invests at least 30% in Sustainable assets as defined by the application of the AXA IM sustainable investment frameworks.

3. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

4. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite

several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

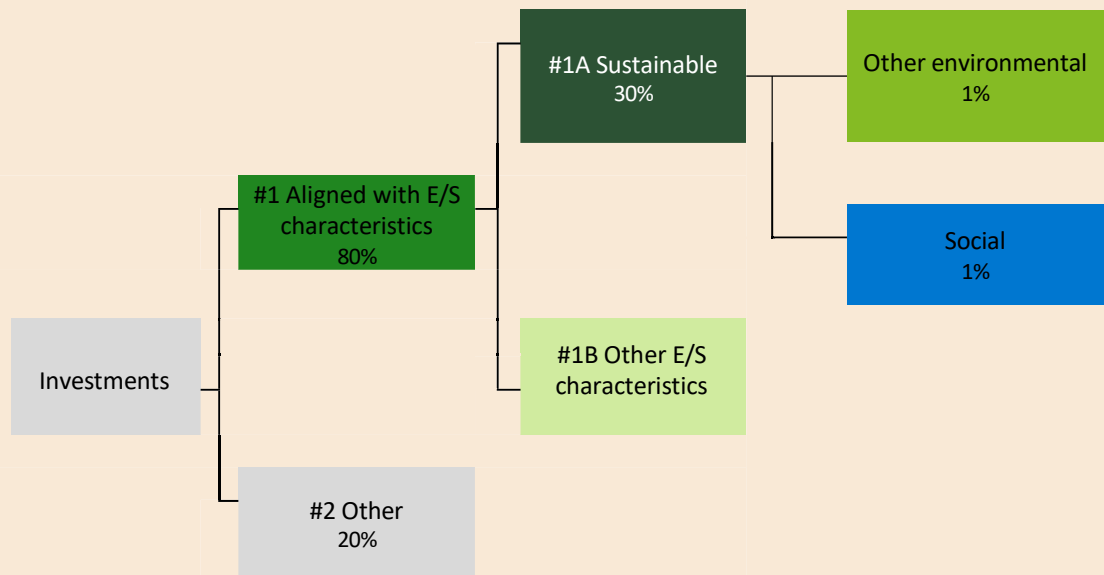


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 30% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>324</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

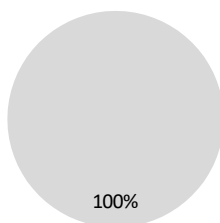
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

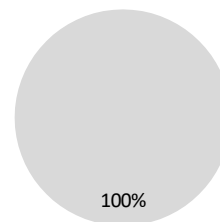
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>324</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Emerging Markets Bonds (The "Financial Product") **Legal entity identifier:** 213800J9XC2E1QCKZD38

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, JP Morgan EMBI Global Diversified (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>325</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>326</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>325</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>326</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately

differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 75% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

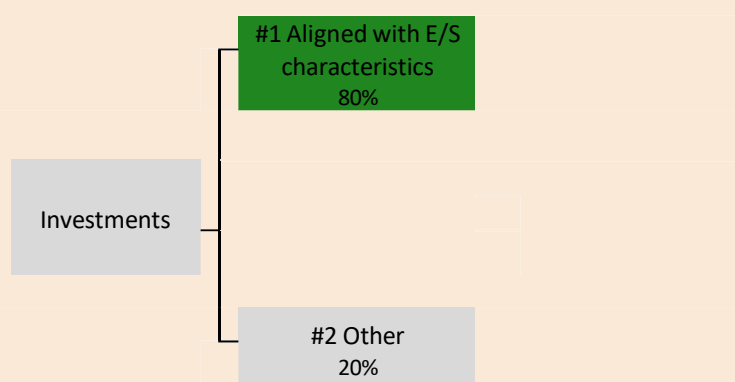


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>327</sup> ?**

Yes

In fossil gas

In nuclear energy

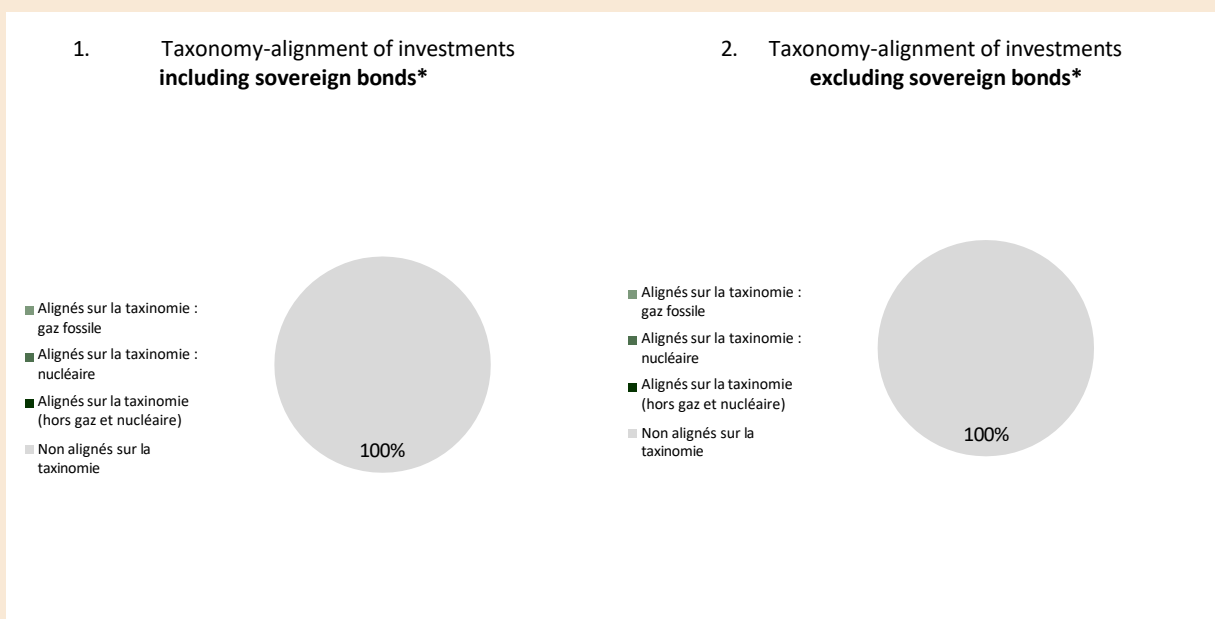
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>327</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



### **What is the minimum share of socially sustainable investments?**

Not applicable.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA Developed Markets High Yield Constrained Hedged USD (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>328</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>329</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
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<sup>328</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>329</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate within the portfolio is at least 75% of the net assets of the Financial Product, with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis, and Solidarity Assets.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

### **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



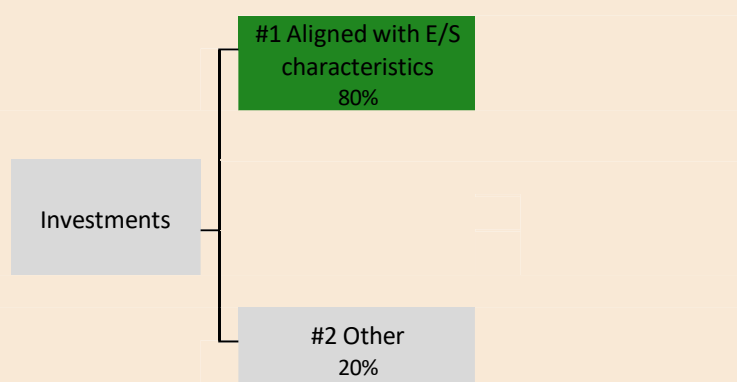


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>330</sup> ?**

Yes

In fossil gas

In nuclear energy

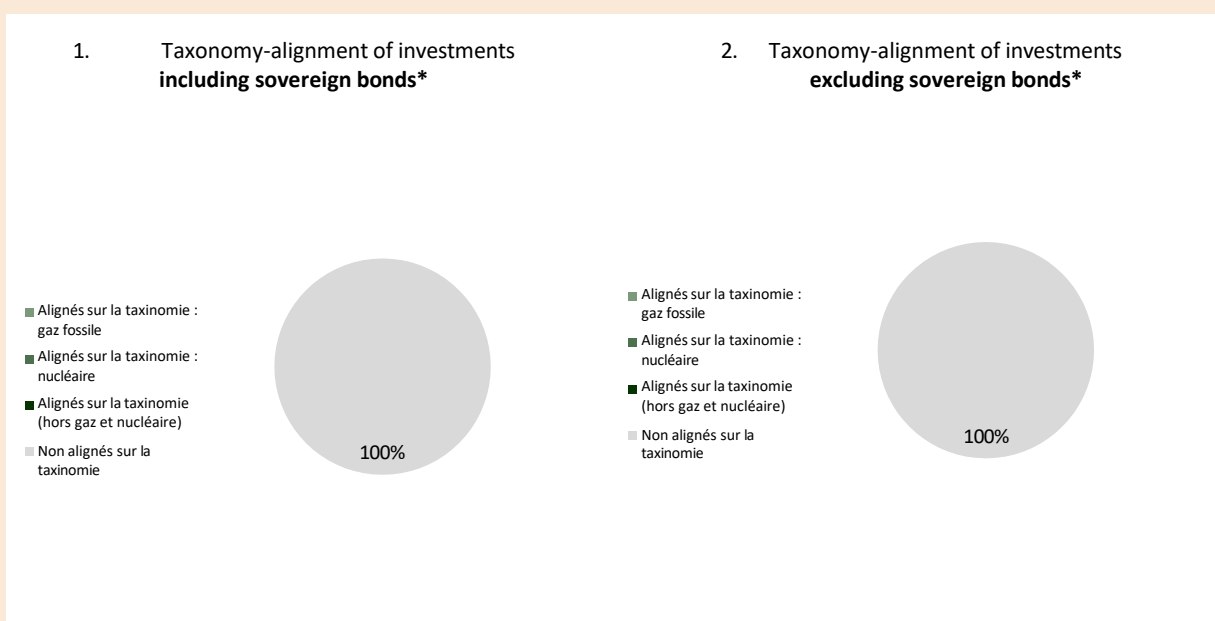
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>330</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



### **What is the minimum share of socially sustainable investments?**

Not applicable.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Inflation Bonds (The **Legal entity identifier:** 213800B3CJEB7BTR4711 "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, Bloomberg World Inflation-Linked Hedged EUR (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Investment Universe which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>331</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>332</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>331</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>332</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific sectorial exclusions such as white phosphorus weapons and exclusion of investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports)

The Financial Product promotes environmental and/or social characteristics through the consideration of the issuer ESG score and the application of several exclusion policies.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

### **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



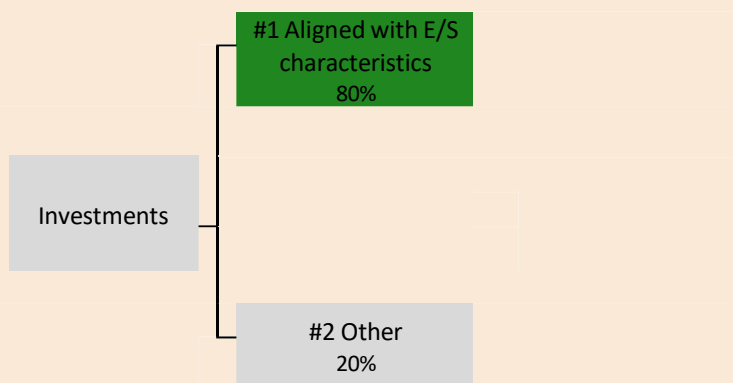


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>333</sup> ?**

Yes

In fossil gas

In nuclear energy

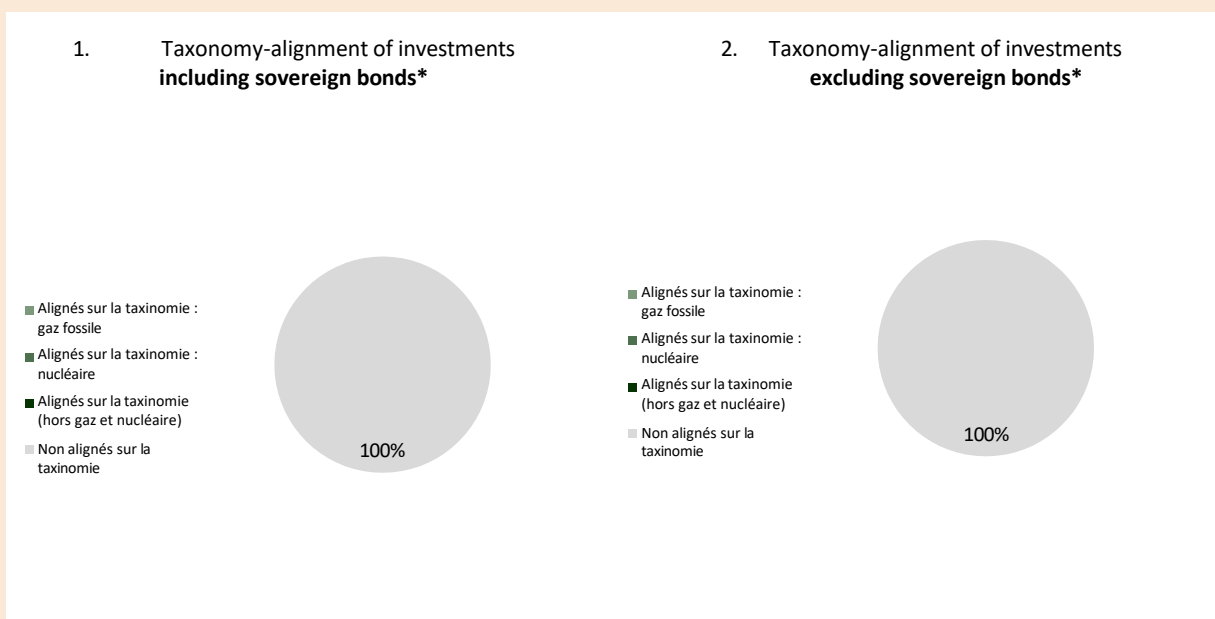
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>333</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



### **What is the minimum share of socially sustainable investments?**

Not applicable.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Inflation Bonds Redex (The "Financial Product")

**Legal entity identifier:** 2138005OTTGJJ1R33Q91

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

The initial investment universe of the Financial Product will be defined as inflation-linked bonds issued in the OECD (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Investment Universe which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>334</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>335</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>334</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>335</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

### ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



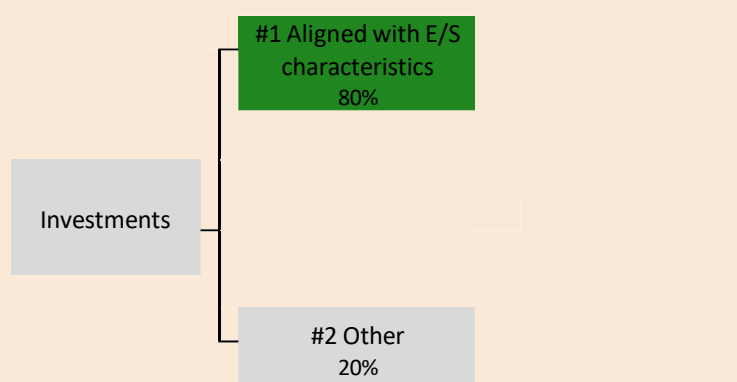


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>336</sup> ?**

Yes

In fossil gas

In nuclear energy

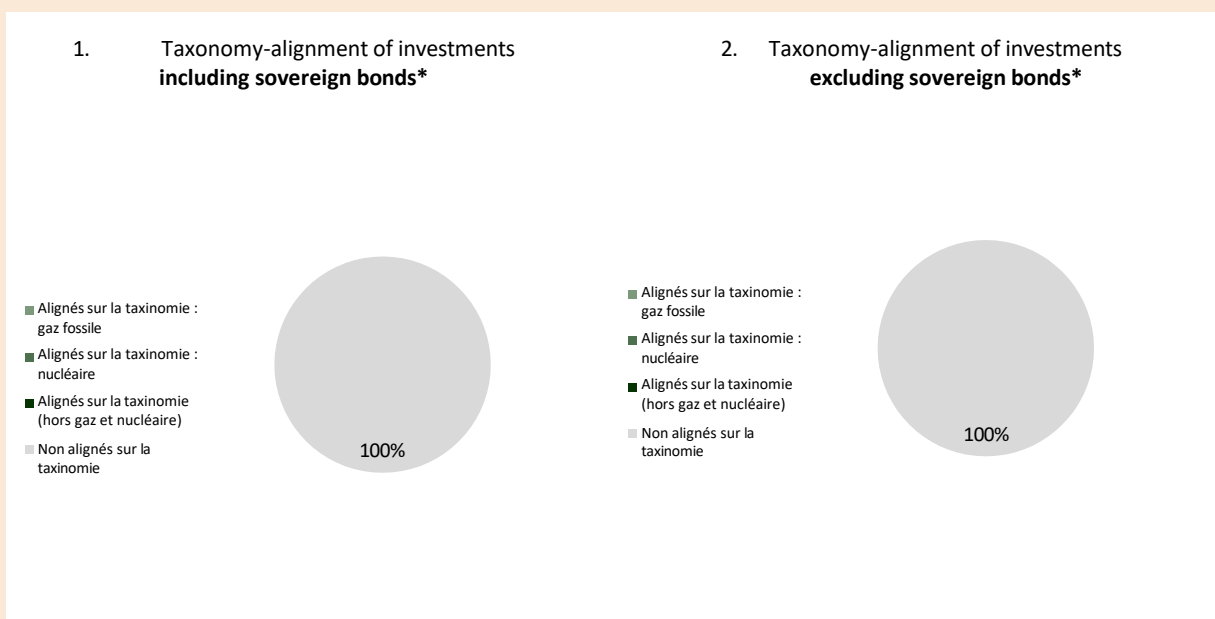
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>336</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Inflation Short Duration Bonds (The "Financial Product")

**Legal entity identifier:** 2138002AGTWONS399W19

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, Bloomberg World Govt Inflation-Linked 1-5 Yrs Hedged USD (the "Benchmark"), has been designated by the Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>337</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>338</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>337</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>338</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Financial Product promotes environmental and/or social characteristics through the consideration of the issuer ESG score and the application of several exclusion policies.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific sectorial exclusions such as white phosphorus weapons and exclusion of investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered.

### **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



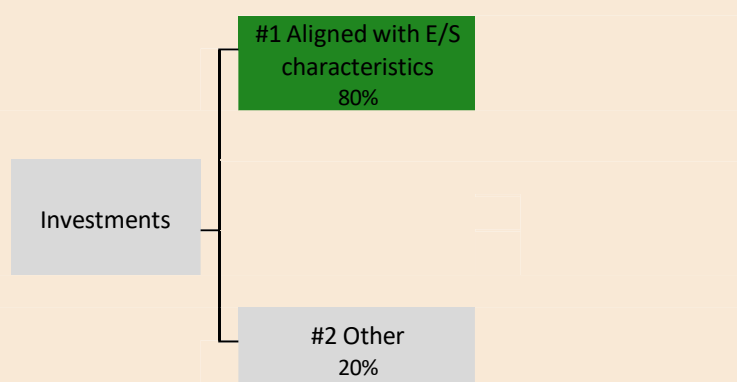


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>339</sup> ?**

Yes

In fossil gas

In nuclear energy

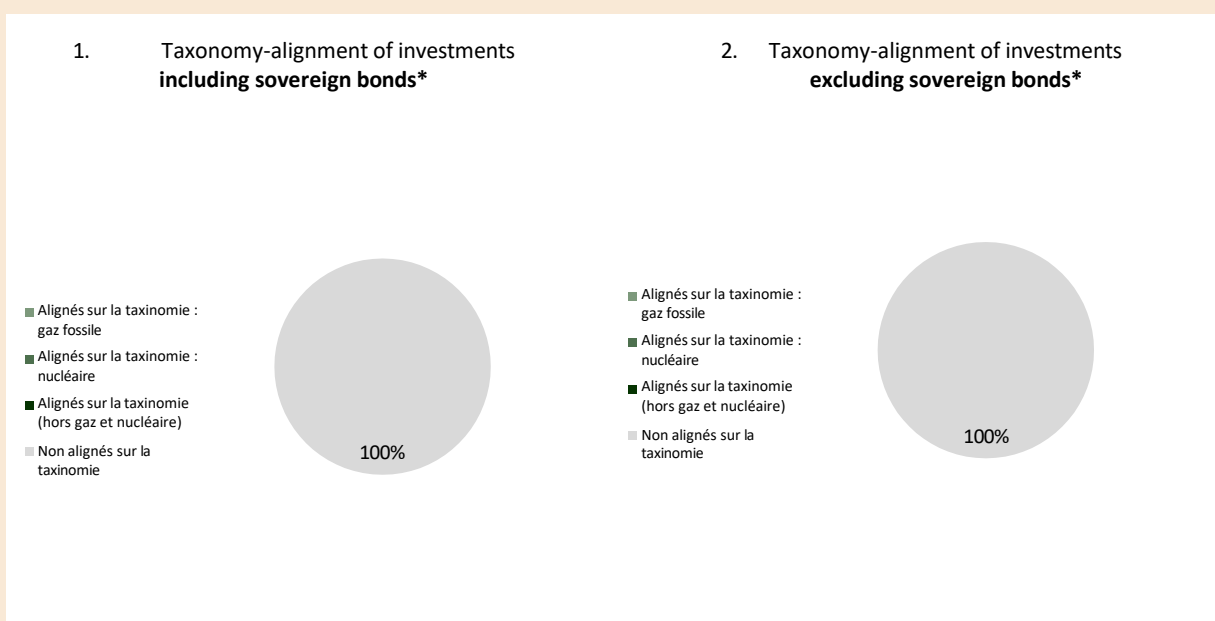
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>339</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Global Responsible Aggregate **Legal entity identifier:** 213800GCS8NNCKAOLA57  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers that consider **gender diversity at board level**.
- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

**Until 30 December 2024, the following applies:**

A broad market index, Bloomberg Global Aggregate OECD Currencies (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as fixed and floating rate debt securities issued by OECD governments and Investment Grade companies or public institutions (the "Investment Universe").

**As from 30 December 2024, the following applies:**

A broad market index, Bloomberg Global Aggregate (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as composed of debt securities issued by governments and Investment Grade companies or public institutions and that are denominated in any freely convertible currencies. The Sub-Fund may be exposed to Sub-Investment Grade securities. (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Benchmark. It is provided by an external data provider.
- The weighted average Carbon Intensity of the Financial Product and of its Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

The Financial Product outperforms its Benchmark on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

3. **Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

### ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

#### ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>340</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>341</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

<sup>340</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>341</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i)

### Until 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

### As from 27 December 2024, the following applies:

Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of (i) AXA IM Sectorial policies and AXA IM ESG standards and (ii) exclusion criteria for Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g), cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

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Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

The Paris-aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) listed in the table below apply only as from 27 December 2024.

	Relevant AXA IM policies and regulatory requirements	PAI indicator	
<b>Climate and other environment related indicators</b>	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) AXA IM Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) AXA IM Ecosystem protection & Deforestation policy	PAI 2: Carbon Footprint	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g) AXA IM Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies	
	AXA IM Climate Risks policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 4: Exposure to companies active in the fossil fuel sector	
	AXA IM Climate Risks policy (engagement only) Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 5: Share of non-renewable energy consumption and production	
	AXA IM Climate risks policy (considering an expected correlation between GHG emissions and energy consumption) <sup>342</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 6: Energy consumption intensity per high impact climate sector	
	AXA IM Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area	
	<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	AXA IM ESG standard policy / violation of international norms and standards Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
		AXA IM ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>343</sup> Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational
AXA IM Voting and Engagement policy with systematic voting criteria linked with board gender diversity		PAI 13: Board Gender diversity	
AXA IM Controversial weapons policy Paris-Aligned Benchmarks exclusions CDR (EU) 2020/1818 Article 12(1)(a)-(g)		PAI 14: Exposure to controversial weapons	

For Sovereigns and Supranationals :

<sup>342</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being

<sup>343</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

### As from 27 December 2024, the following applies:

The Investment Manager also selects investments by applying an extra-financial approach based on the exclusion filters as described in those applicable to Paris-aligned Benchmarks (PAB), as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g).

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Those Sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The AXA IM ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### Until 27 December 2024, the following applies:

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and solidarity assets.

### As from 27 December 2024, the following applies:

The Paris-Aligned exclusions cover controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation.

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

## What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The Investment Manager also applies specific exclusions as follows:

an exclusion list based on ethical criteria, as further described in the transparency code of the Sub-Fund available at [Fund Centre | AXA IM \(axa-im.com\)](#); and a specific companies ban list, based on the Norges Bank Investment Management exclusion list ([Observation and exclusion of companies \(nbim.no\)](#)), excluding certain investments in companies on the basis of their conduct or sector. This list is updated by the Investment Manager every 6 months at the latest and should divestments be needed as a consequence, the Investment Manager will use its best efforts to sell these securities within 1 month.

**Until 27 December 2024, the following applies:**

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria. The scope of the eligible securities is reviewed every 6 months at the latest, as described in the transparency code of the Financial Product.

**As from 27 December 2024, the following applies:**

The Financial product applies Paris-aligned Benchmarks (PAB) exclusions, as defined in the Benchmark Regulation Delegated Regulation (CDR (EU) 2020/1818) Article 12(1)(a)-(g) covering controversial weapons, tobacco, United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises, oil & gas and power generation. The controversial weapons, tobacco and United Nations Global Compact (UNGC) and OECD Guidelines for Multinational enterprises exclusion requirements are already covered by AXA IM Sectorial Exclusions and ESG Standards policies.

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable

development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Women on Board and Carbon Intensity at all times.

**Until 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Women on board and iii) 70% for the Carbon Intensity.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Women on Board indicator and iii) 55% for the Carbon Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

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The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

**Until 27 December 2024, the following applies:**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 25% through the investment strategy described above. The threshold will be increased to 30% starting from January 1st, 2026.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

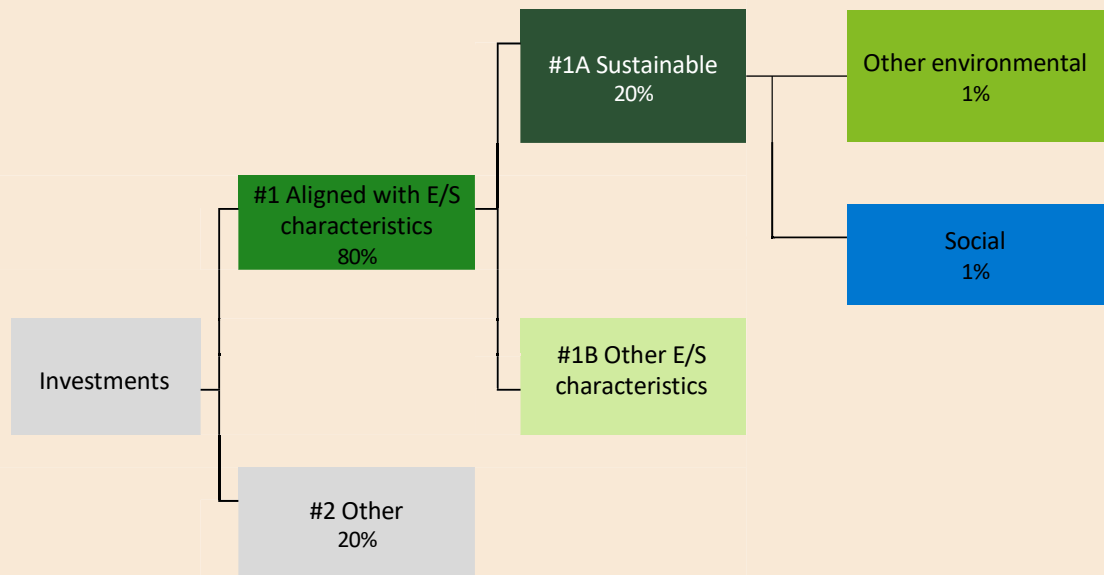


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>344</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

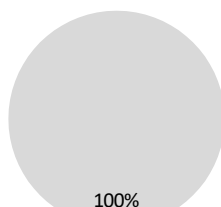
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

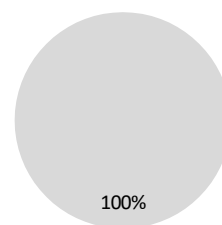
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>344</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Short Duration Bonds (The "Financial Product")

**Legal entity identifier:** 2138009H1QMUBY4JVF31

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel comparison portfolio has been internally defined by the Investment Manager for ESG purposes as a moving strategic asset allocation constituted of ICE BofA G7 Government + ICE Global Large Cap Corporate + ICE BofA Global High Yield (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

#### **3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>345</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>346</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>345</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>346</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>347</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>347</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.



	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>348</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>348</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Comparison Portfolio, both ESG scores of the Financial Product and the Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The ESG analysis coverage rate within the Financial Product is moving in accordance with the moving asset allocation composition as decided by the Investment Manager from time to time, this rate being calculated according to the weighted average assets allocation mix in the Financial Product between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade, and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their

calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

**Good governance**  
practices include sound  
management  
structures, employee  
relations, remuneration  
of staff and tax  
compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

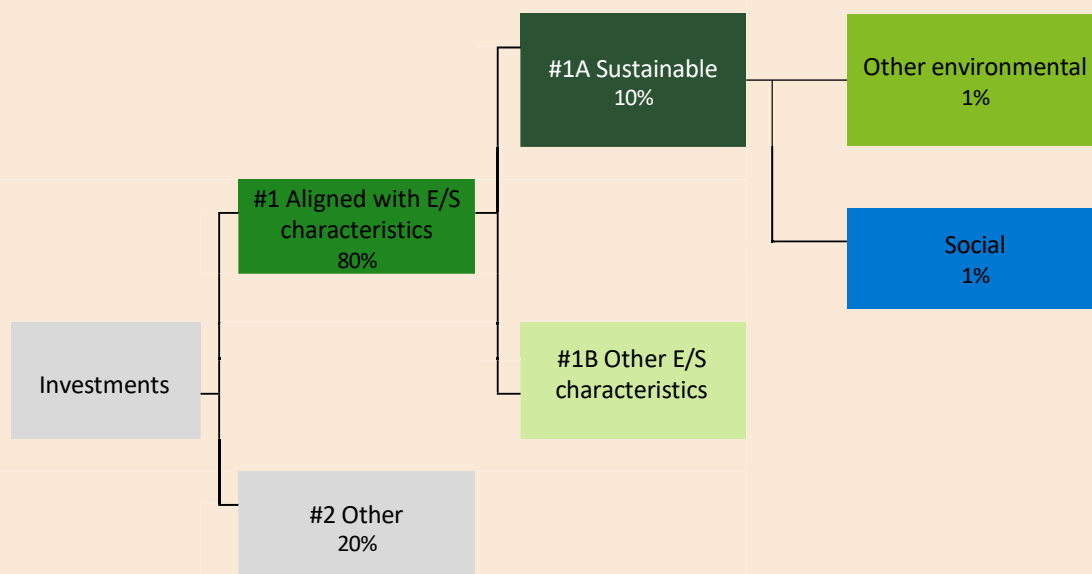


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>349</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

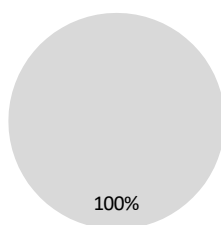
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

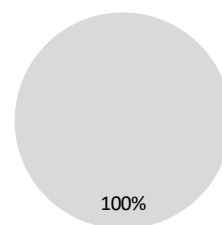
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>349</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Strategic Bonds (The **Legal entity identifier:** 213800DR687J9C7WK742 "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel comparison portfolio has been internally defined by the Investment Manager for ESG purposes as a moving strategic asset allocation constituted of ICE BofA G7 Government + ICE Global Large Cap Corporate + ICE BofA Global High Yield Indices (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint

	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>350</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>351</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>350</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>351</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>352</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>352</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>353</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>353</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Comparison Portfolio, both ESG scores of the Financial Product and the Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate within the Financial Product is moving in accordance with the moving asset allocation composition as decided by the Investment Manager from time to time, this rate being calculated according to the weighted average assets allocation mix in the Financial Product between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade, and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their

calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

**Good governance**  
practices include sound  
management  
structures, employee  
relations, remuneration  
of staff and tax  
compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



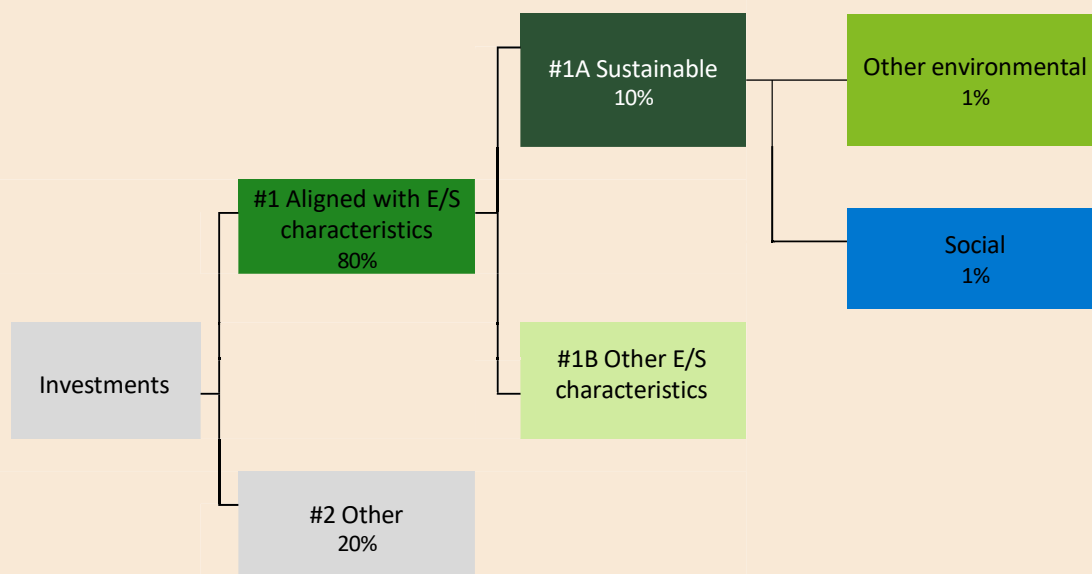


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>354</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

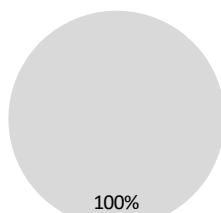
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

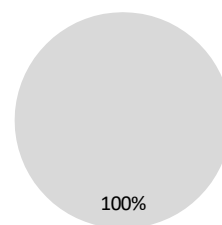
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>354</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Inflation Plus (The "Financial Product") **Legal entity identifier:** 213800SEIINDIJ1AQP03

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel comparison portfolio has been internally defined by the Investment Manager for ESG purposes as a strategic asset allocation constituted of 80% Bloomberg World Govt Inflation-Linked All Maturities 1-5yr + 20% ICE BofA 1-5 Year Global Corporate Index (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

While the Financial Product does not commit to a minimum percentage of investment in sustainable investment, the corporate bonds bucket (representing from 0% to 20% of the net assets of the Financial Product) will be bindingly invested at all times in sustainable investments.

Accordingly, where the Financial Product does invest in corporate bonds, it will partially (up to 20% of net assets) invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity,
- b. the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability

strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

### ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

While the Financial Product does not commit to a minimum percentage of investment in sustainable investment, the corporate bonds bucket (representing from 0% to 20% of the net assets of the Financial Product) will be bindingly invested at all times in sustainable investments.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

#### *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

#### **Exclusion Policies:**

- **Environmental:**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>355</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>356</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9), share of non-renewable energy consumption and production (PAI 5), unadjusted gender pay gap (PAI 12) and Board Gender diversity (PAI 13). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

<sup>355</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>356</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



While the Financial Product does not commit to a minimum percentage of investment in sustainable investment, the corporate bonds bucket (representing from 0% to 20% of the net assets of the Financial Product) will be bindingly invested at all times in sustainable investments.

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labor and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labor Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>357</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises

<sup>357</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<b>respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>358</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

## What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

<sup>358</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

4. For the corporate bonds bucket (representing up to 20% of the net assets of the Financial Product), the Investment Manager will bindingly invest at all times in sustainable investments whose issuers have undergone an ESG analysis carried out according to AXA IM's sustainable investment framework, by (i) using United Nations Sustainable Development Goals alignment data, relying on external quantitative information and internal qualitative analysis, to measure issuers' contributions to the targeted SDGs and/or (ii) using the integration of issuers engaged in a solid Transition Pathway based on the framework developed by Science Based Target Initiative and/or (iii) investing in Green, Social or Sustainability Bonds or Sustainability linked bonds having a positive or neutral opinion from AXA IM's internal analysis process, which is based on the International Capital Market Association guidelines.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

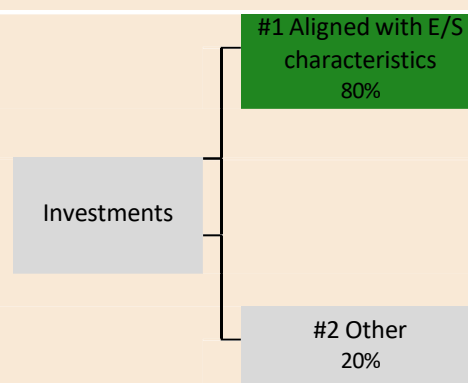
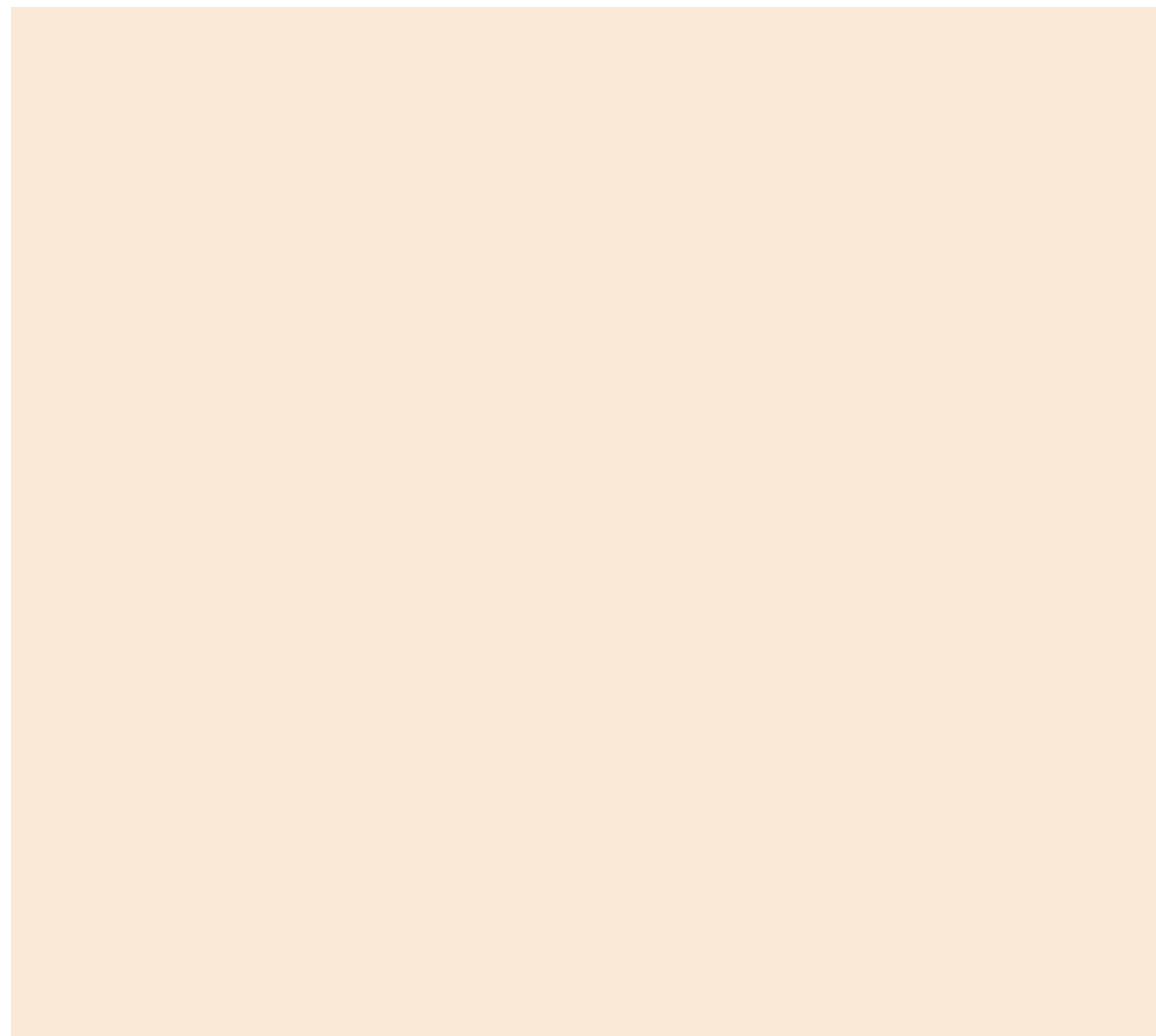


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

While the Financial Product does not commit to a minimum percentage of investment in sustainable investment, the corporate bonds bucket (representing from 0% to 20% of the net assets of the Financial Product) will be bindingly i The planned minimum proportion of the investments of the Financial Product used to meet the environmental or

social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset value. The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>359</sup> ?**

Yes

In fossil gas

In nuclear energy

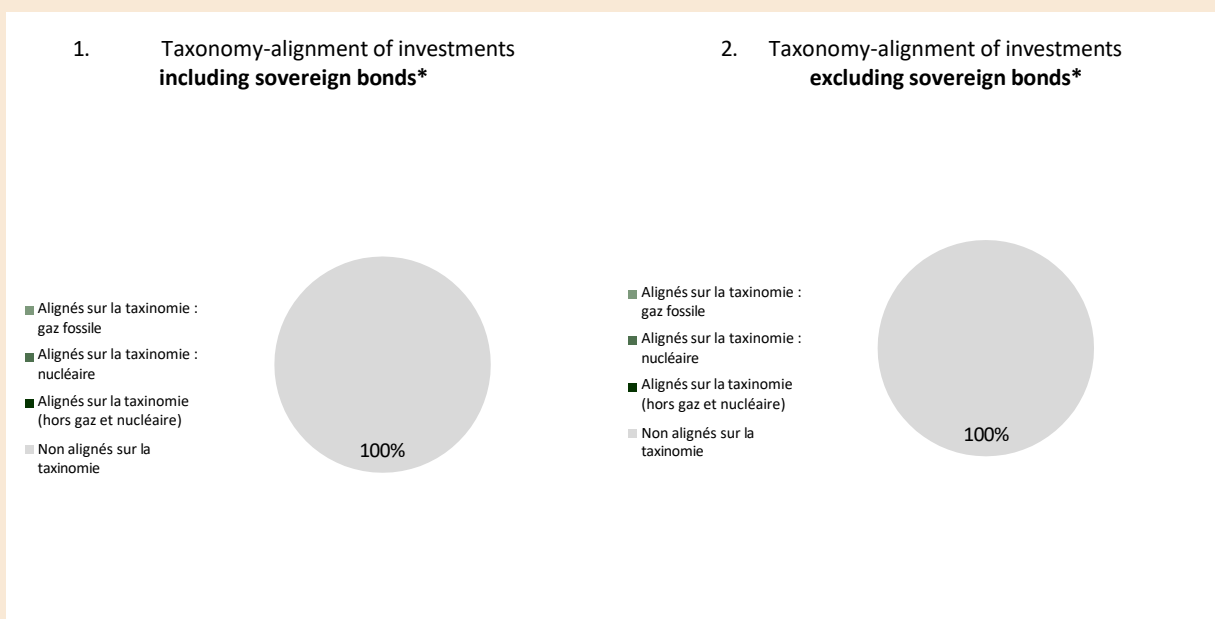
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>359</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS US Credit Short Duration IG **Legal entity identifier:** 2138001K1UWJEUHHLH73  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of the ICE BofA 1-3 Yr US Corporates (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>360</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>361</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
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<sup>360</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>361</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 90% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

### ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

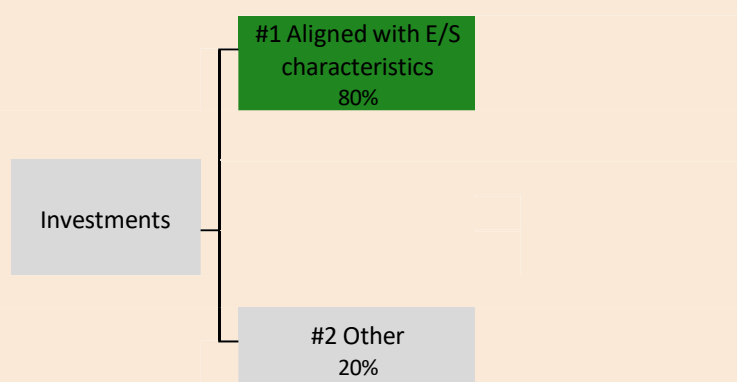


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>362</sup> ?**

Yes

In fossil gas

In nuclear energy

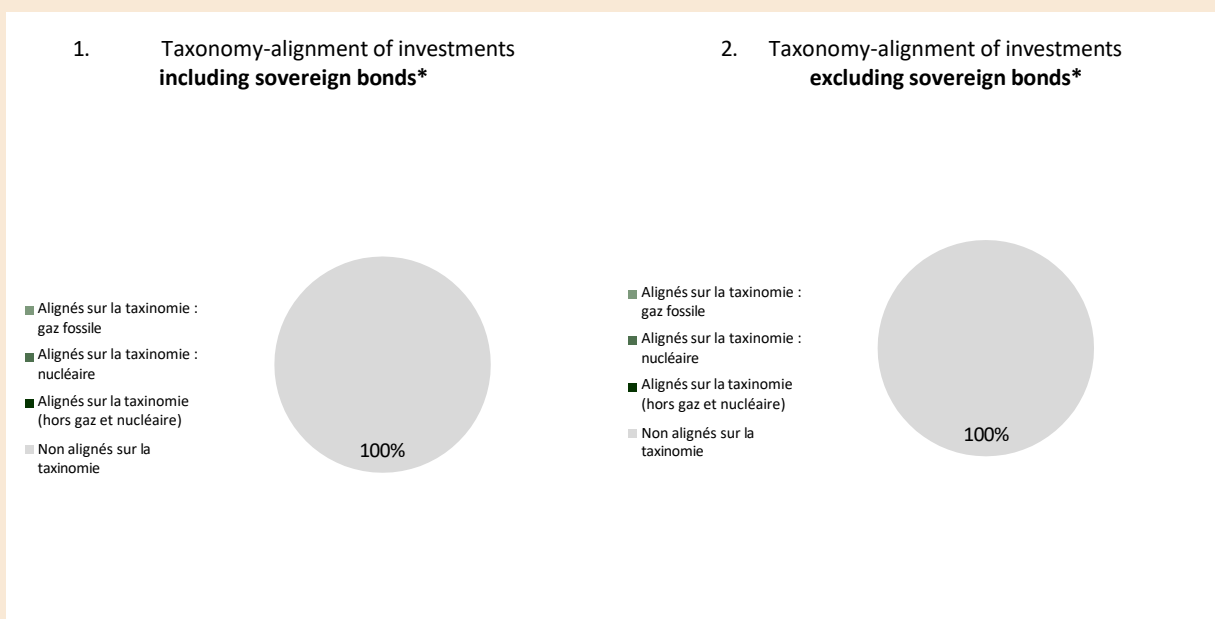
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>362</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS US Enhanced High Yield Bonds (The "Financial Product")

**Legal entity identifier:** 213800FKWSIZVZ5JGJ30

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**YES**

**NO**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of the ICE BofA US High Yield (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>363</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>364</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
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<sup>363</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>364</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the

date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

2. In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 75% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

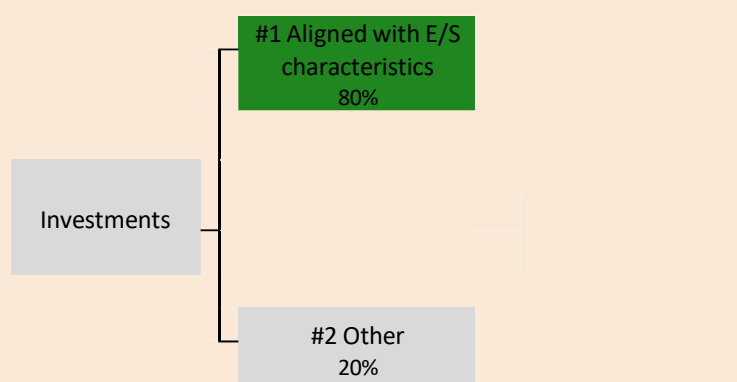


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>365</sup> ?**

Yes

In fossil gas

In nuclear energy

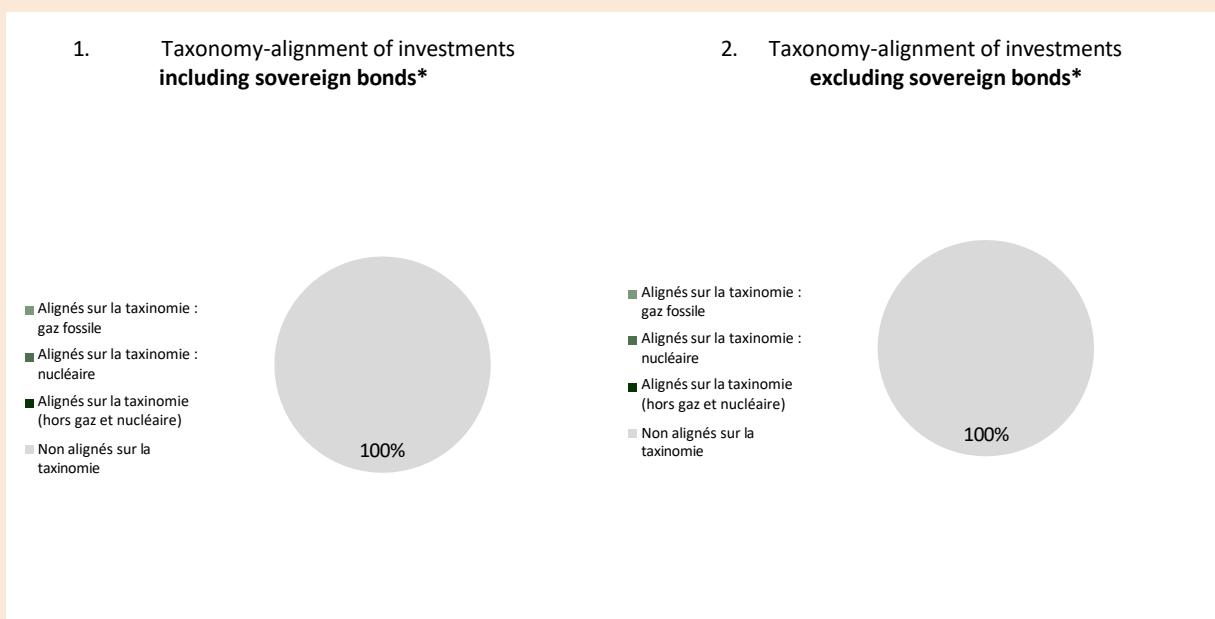
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>365</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



### **What is the minimum share of socially sustainable investments?**

Not applicable.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, ICE BofA US High Yield Master II (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>366</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>367</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
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<sup>366</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>367</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Investment Universe, both ESG scores of the Financial Product and the Investment Universe being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 75% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

### ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

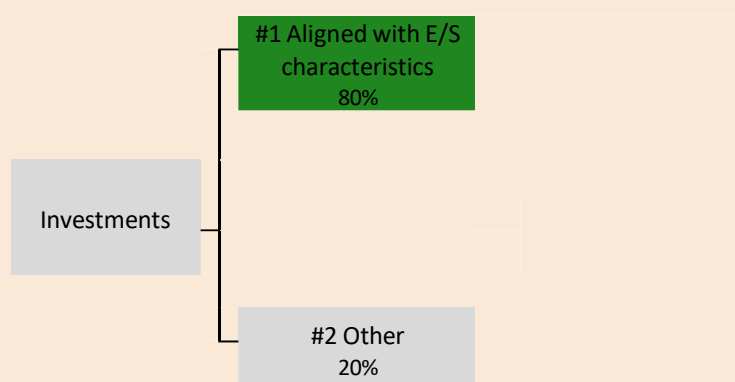


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>368</sup> ?**

Yes

In fossil gas

In nuclear energy

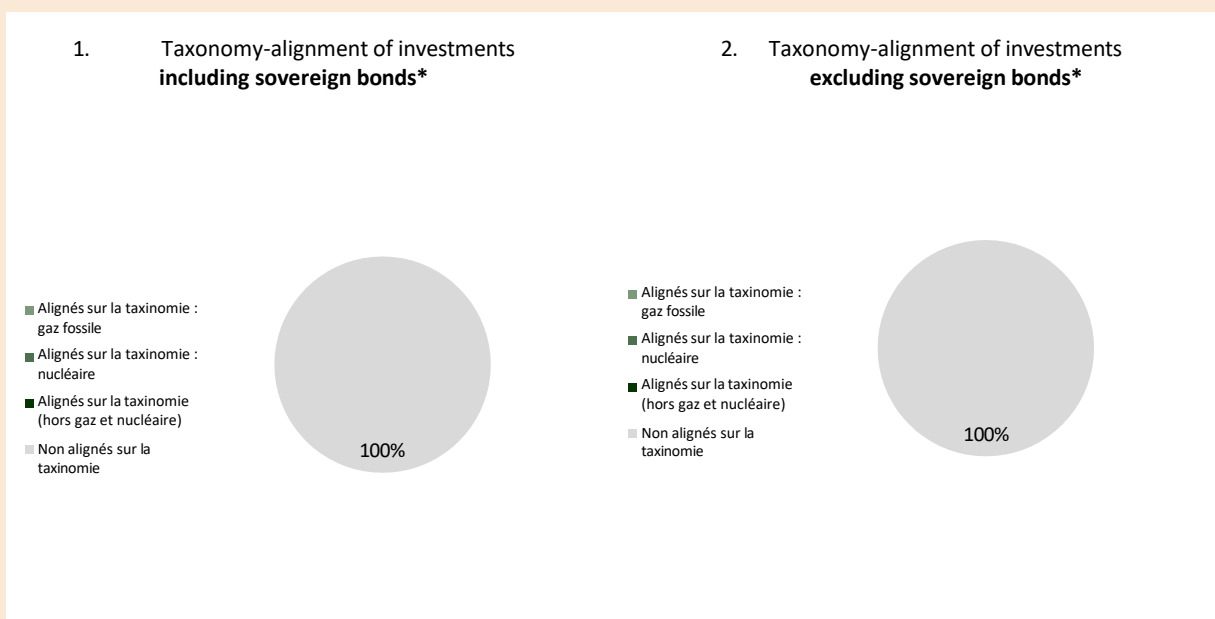
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>368</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



### What is the minimum share of socially sustainable investments?

Not applicable.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### Where can I find more product specific information online?

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS US Short Duration High Yield Bonds (The "Financial Product")

**Legal entity identifier:** 2138002N3U1G1LJ4YI08

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%</p>	<p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of the ICE BofA US High Yield (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Financial Product has no objective of sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Financial Product has no objective of sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:



(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>369</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>370</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
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<sup>369</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>370</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can

complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 75% minimum.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

### ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

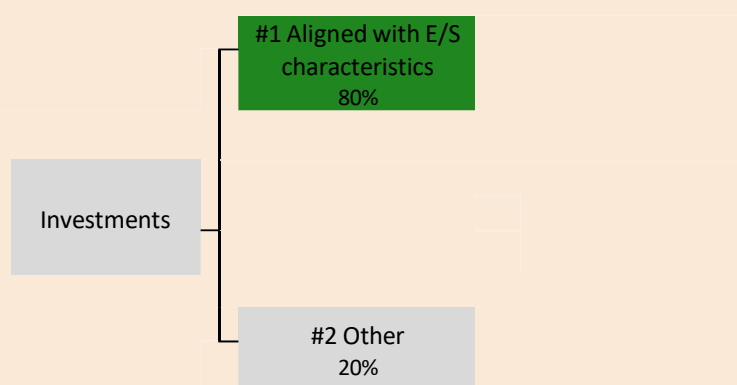


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>371</sup> ?**

Yes

In fossil gas

In nuclear energy

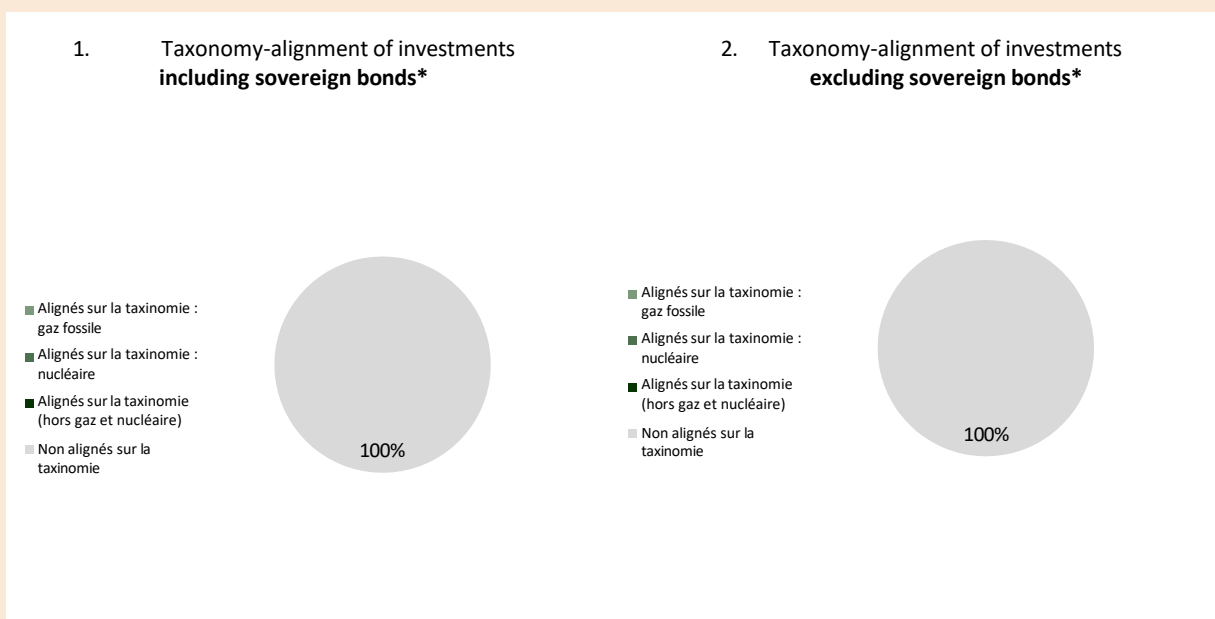
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

are sustainable investments with an environmental objective that **do not take into account the**

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>371</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



**Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#). More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance](#) | [SFDR](#) | [AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Defensive European Equity **Legal entity identifier:** Not applicable  
(The "Financial Product")

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**YES**

**NO**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed



The Financial Product has designated the ESG benchmark MSCI Europe Climate Paris Aligned Index (the "Benchmark") as a reference benchmark. The Benchmark qualifies as an EU Paris-Aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Investment Universe which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>372</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

**Social and Governance :**

Relevant AXA IM policies	PAI indicator
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<sup>372</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>373</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Controversial weapons policy	PAI 14: Exposure to controversial weapons

#### Filter based on UN SDGs:

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9), share of non-renewable energy consumption and production (PAI 5), unadjusted gender pay gap (PAI 12) and Board Gender diversity (PAI 13). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

#### *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

<sup>375</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

(i) Qualitative approach to consider principal adverse impact is based on exclusion. Exclusion applied as part of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Through those exclusion the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>374</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti-bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>375</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicators and additional optional social indicators.

<sup>374</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>375</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

Through the use of derivatives, the Financial Product is also essentially exposed to the Benchmark which qualifies as an EU Paris-Aligned Benchmark and is used as a reference to promote its environmental and/or social characteristics.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. On its equity basket, the Financial Product always outperforms the ESG score of its Investment Universe composed of equities listed in Europe. The ESG analysis coverage rate within the equity bucket is at least 90% of the net assets of the bucket.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed

and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. Through the use of derivatives, the Financial Product is also essentially exposed to the Benchmark which qualifies as an EU Paris-Aligned Benchmark and is used as a reference to promote its environmental and/or social characteristics.

The Benchmark is designed to:

- exceed the minimum standards of the EU Paris- Aligned benchmark requirements, with the alignment with a 1.5°C climate scenario using the MSCI climate value-at-risk and a "self decarbonization" rate of 10% year on year;
- reduce the parent index (MSCI Europe)'s exposure to physical risk arising from extreme weather events by at least 50%;
- reduce the exposure to transition and physical climate risks, to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements.

The Benchmark also applies exclusion filters to remove companies involved in controversial weapons, tobacco, Thermal Coal Mining, Oil & Gas and Thermal coal, liquid fuel and natural gas based power generation, companies with severe controversies pertaining to United Nations (UN) Declaration of Human Rights, the International Labour Organisation ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact ESG controversies, environmental companies that are not compliant with the UN Global Compact, as well a range of filters for any issuers with significant risks related to a diverse range of environmental and social factors and additional exclusions related to fossil fuel business involvements.

More details on the MSCI index methodology are available on [www.msci.com](http://www.msci.com).

4. The ESG analysis coverage rate of the Benchmark against which the performance of the listed equities in the Sub-fund's portfolio is exchanged through the use of derivatives is at 90% minimum and such analysis is performed through the Benchmark methodology.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

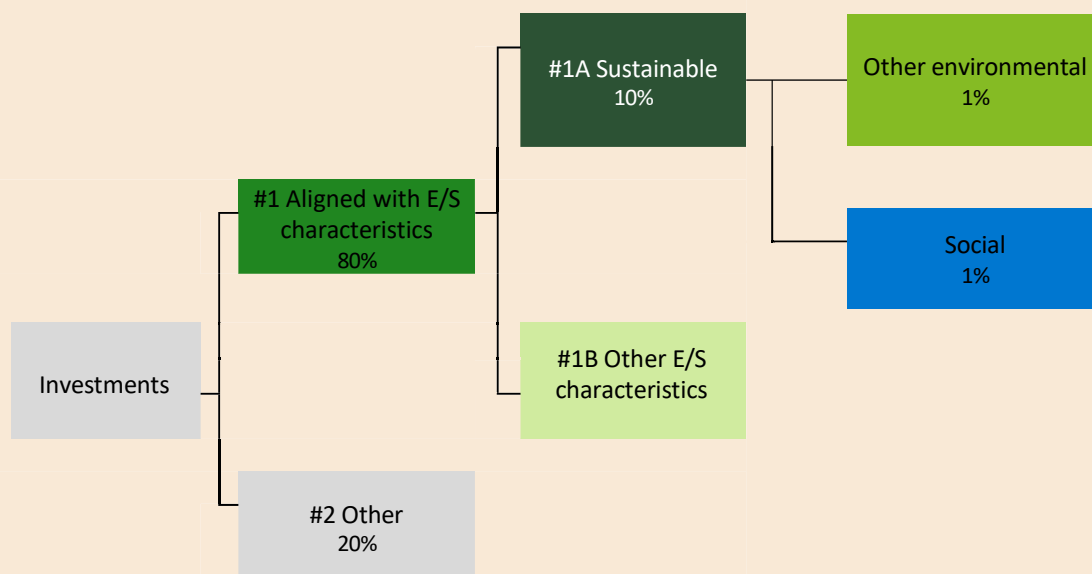


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.

Total return swaps (TRS) used to exchange the performance against the one of the Benchmark (overlayed by the derivative instrument overlay strategy) also contributes to attain the environmental or social characteristics promoted by the Financial Product. Due to the use of TRS, the voting rights attached to the securities to which the Financial Product is exposed will not be exercised by the counterparties.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>376</sup> ?**

Yes

In fossil gas

In nuclear energy

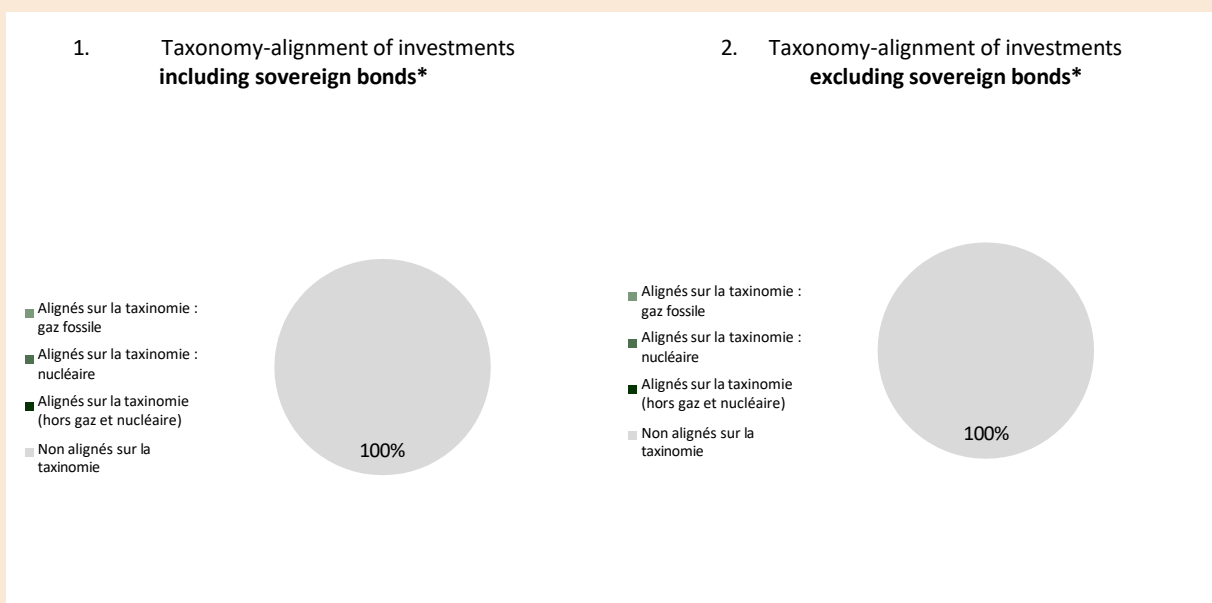
No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

are sustainable investments with an environmental

<sup>376</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Financial Product has designated the Benchmark as its reference benchmark to determine whether it meets its environmental and social characteristics.

### ● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The Financial Product is managed in reference to the Benchmark excluding issuers that do not meet requirements for inclusion in the Index which qualifies as an EU Paris-aligned Benchmark under the EU Benchmark Regulation ("BMR").

### ● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

To achieve its financial objective, the Financial Product is essentially exposed to the Benchmark's constituents.

### ● **How does the designated index differ from a relevant broad market index?**

The Benchmark is based on the MSCI Europe Index, its parent index, and includes large and mid capitalisation securities across 15 developed markets countries in the Europe . The Benchmark is designed to reduce the exposure to transition and physical climate risks, to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The Benchmark incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and intends to exceed the minimum standards of the EU Paris-aligned benchmark requirements. The Benchmark indeed qualifies as an EU Paris aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 to progressively align with the objectives of the Paris Agreement.

### ● **Where can the methodology used for the calculation of the designated index be found?**

Details on the Benchmark, including its methodology, components and performance, are available on [www.msci.com](http://www.msci.com).



## Where can I find more product specific information online?

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM Net Zero and sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Defensive Optimal Income **Legal entity identifier:** 2138007QLQUSNAEZDQ61  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b>	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of 5% MSCI EMU Net Total Return EUR + 15% MSCI World ex EMU Net Total Return + 5% MSCI Emerging Market + 30% ICE BofA 1-10 Year Euro Corporate + 15% Bloomberg Global Aggregate + 15% Global High Yield ICE BofA + 15% JP Morgan GBI EM Global Diversified (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

The Financial Product outperforms its parallel Comparison Portfolio on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability

strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>377</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>378</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global

<sup>377</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>378</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>379</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>379</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>380</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>380</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Comparison Portfolio, both ESG scores of the Financial Product and the Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 85% minimum, this rate being calculated according to the weighted average assets allocation mix within the Investment Universe, composed of equities and debt securities of any type, between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into

account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

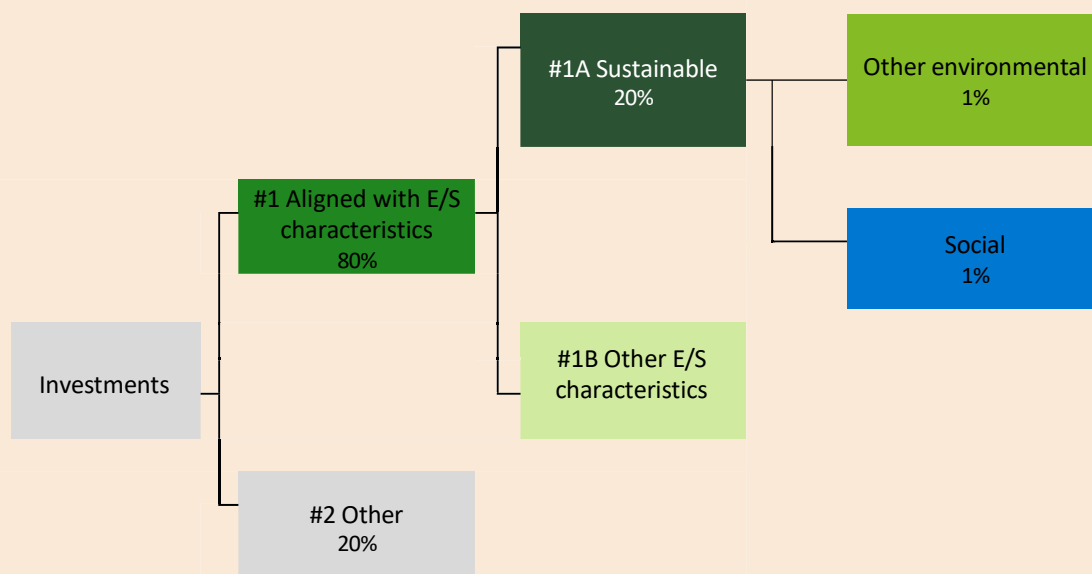


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>381</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

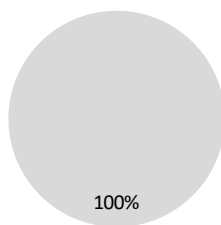
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

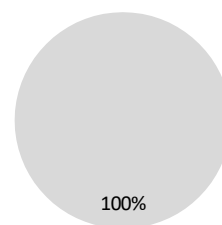
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>381</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).



**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Optimal Income (The **Legal entity identifier:** 213800VRWFHRN3LIZV13 "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**
  **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of 10% MSCI EMU Net Total Return EUR + 30% MSCI World ex EMU Net Total Return EUR + 10% MSCI EM Market Total Return EUR + 15% ICE BofA 1-10 Year Euro Corporate + 10% Bloomberg Global Aggregate + 15% Global High Yield ICE BofA + 10% JP Morgan GBI EM Global Diversified. (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

The Financial Product outperforms its parallel Comparison Portfolio on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability

strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>382</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>383</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global

<sup>382</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>383</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>384</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>384</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>385</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>385</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Comparison Portfolio for ESG purposes, both ESG scores of the Financial Product and of this Comparison Portfolio being calculated on a weighted average basis.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Comparison Portfolio for ESG purposes, both ESG scores of the Financial Product and of this Comparison Portfolio being calculated on a weighted average basis.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate within the portfolio is at least 85% of the net assets of the Financial Product, this rate being calculated according to the weighted average assets allocation mix within the Investment Universe, composed of equities and debt securities of any type, between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**



There is no committed minimum rate to reduce the scope of the investments considered.

**Good governance**  
practices include sound  
management  
structures, employee  
relations, remuneration  
of staff and tax  
compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

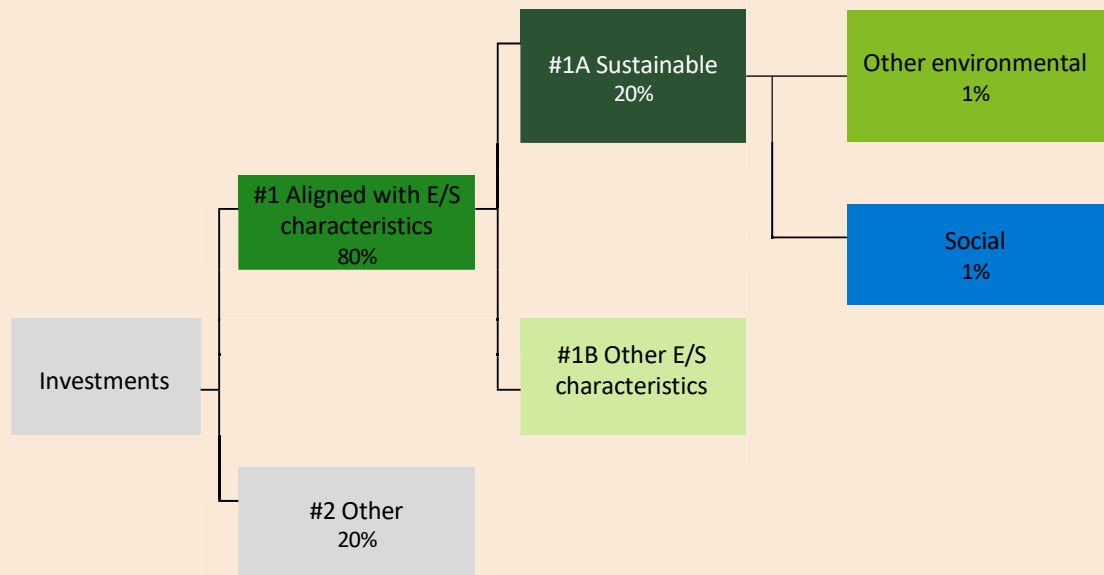


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>386</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

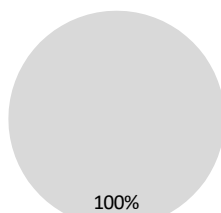
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

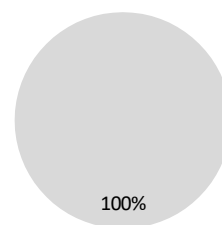
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>386</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** AXA World Funds Optimal Income (The “Financial Product”) **Legal entity identifier:** 2138003LHHRO8T77DX76

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering their **carbon intensity**.
- issuers considering **gender diversity at board level**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation’s (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

The initial investment universe of the Financial Product will be defined as composed of 30% MSCI EMU Net Total Return EUR + 10% MSCI World ex EMU Net Total Return + 10% MSCI Emerging Market + 25% ICE BofA 1-10 Year Euro Corporate + 10% Bloomberg Global Aggregate + 15% Global High Yield ICE BofA (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Carbon Intensity of the Financial Product and of its Investment Universe, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.
- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Investment Universe. It is provided by an external data provider.

The Financial Product outperforms its Investment Universe on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.

b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association (ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint



	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>387</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>388</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global

<sup>387</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>388</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>389</sup>	PAI 6: Energy consumption intensity per high impact climate sector

<sup>389</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>390</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](https://www.axa-im.com/en/policies-and-reports).

<sup>390</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. **Until 27 December 2024, the following applies:**

The Financial Product is also managed using a socially responsible investment (SRI) approach.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product also bindingly applies at all times a socially responsible investment selectivity approach Best-in-Class on its Investment Universe. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint. The selectivity approach reduces the Investment Universe at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their ESG Score to the exception of cash held on an ancillary basis and Solidarity Assets.

**As of 27 December 2024, the following applies:**

2. The Financial Product applies a Best-in-Class selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the companies best rated from a non-financial viewpoint within their sector of activity, without favouring or excluding one sector relative to the stock market index or customized universe used as a basis for starting. The selectivity approach consists of removing at least the 20% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Investment Universe on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The initial investment universe is reduced by at least 20% through the investment strategy described above.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### **What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

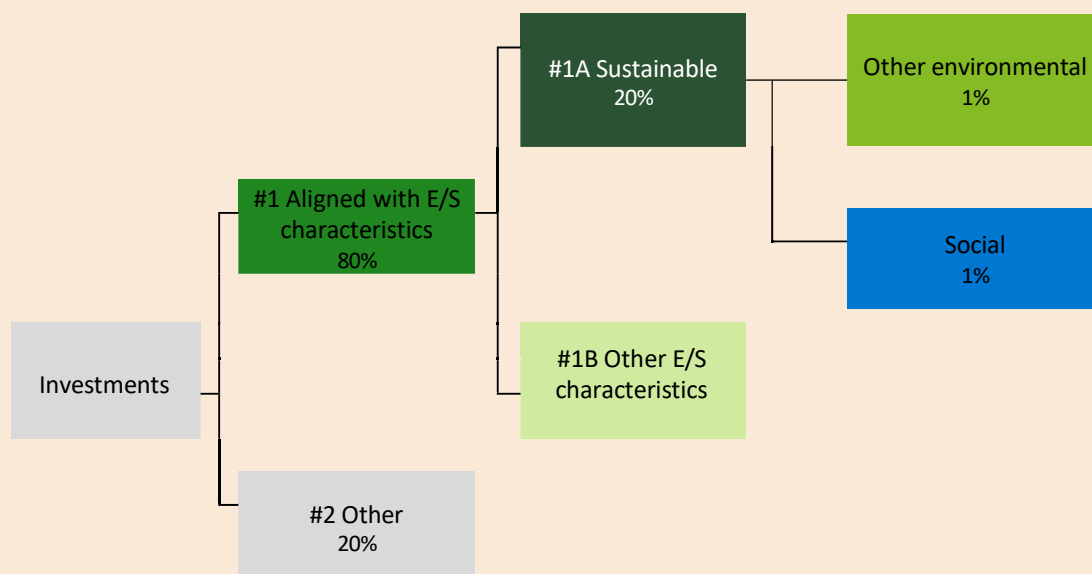


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>391</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

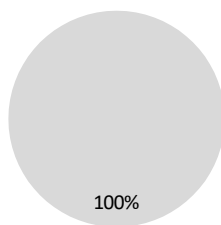
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

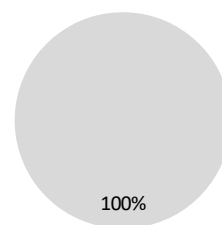
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>391</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Income Generation **Legal entity identifier:** 213800P3YKJP6NILO102  
(The "Financial Product")

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of 30% ICE BofA Global Large Cap Hedged EUR + 15% ICE BofA Europe High Yield Hedged EUR + 15% JP Morgan EMBIG Diversified Hedged EUR + 15% MSCI World High Dividend Net Total Return + 7,5% FTSE EPRA Nareit Developed Total Return Net + 5% Bloomberg World Inflation-Linked Hedged EUR + 5% MSCI Emerging Markets Total Return Net + 5% MSCI World Healthcare Total Return Net + 1,5% MSCI ACWI Commodity Producers Total Return Net + 1% S&P GSCI Energy & Metals Capped Component 35/20 Total Return Gross (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

The Financial Product outperforms its parallel Comparison Portfolio on this sustainability indicator in order to promote the environmental and/or social characteristics described above.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

- a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or
- b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

**3. Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds:**

- a. GSSB are instruments which aim to contribute to various sustainable objectives by nature. As such, investments in bonds issued by corporates and sovereigns that have been identified as green bonds, social bonds or sustainability bonds in Bloomberg data base are considered as "sustainable investments" under AXA IM's SFDR framework.
- b. With regards to Sustainability Linked Bonds, an internal framework was developed to assess the robustness of those bonds that are used to finance general sustainable purpose. As these instruments are newer leading to heterogeneous practices from issuers, only Sustainability Linked Bonds that get a positive or neutral opinion from AXA IM's internal analysis process are considered as "sustainable investments". This analysis framework draws on the International Capital Market Association

(ICMA) guidelines with a stringent proprietary approach based on the following defined criteria: (i) issuer's sustainability strategy and key performance indicators relevance and materiality, (ii) Sustainability performance target's ambition, (iii) bond characteristics and (iv) sustainability performance target's monitoring & reporting.

Investments in Green, Social or Sustainability Bonds (GSSB), Sustainability Linked Bonds comply with AXA IM GSS Bond Framework. We have designed our framework to be compliant with Green Bonds Principles and Social Bond Principles, adding more stringent criteria on some aspects.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

- **Environmental:**

Relevant AXA IM policies	PAI indicator
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**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>392</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>393</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such,

<sup>392</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>393</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production

	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>394</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>395</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

**The investment strategy guides investment decisions based on factors such as investment** The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date

<sup>394</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>395</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Comparison Portfolio, both ESG scores of the Financial Product and the Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate within the Financial Product is at least 85% of the net assets of the Financial Product, this rate being calculated according to the weighted average assets allocation mix within the Investment Universe, composed of bonds of any type, equities, and money market instruments, between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

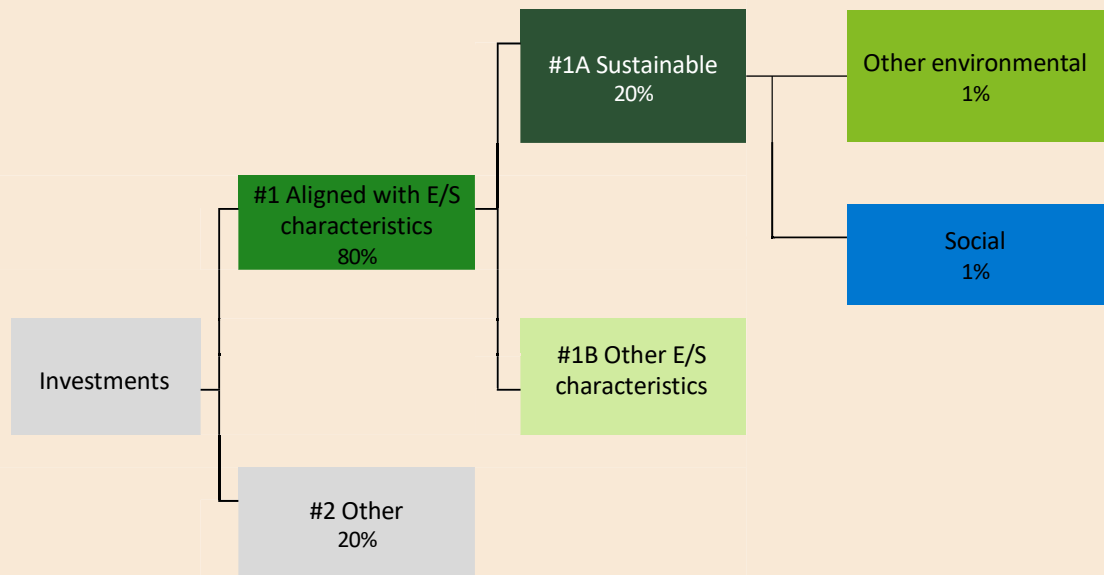


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 20% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>396</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

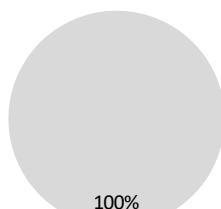
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

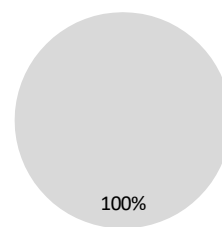
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments\*\*

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

\*\* The proportion of total investments shown in this graph is purely indicative and may vary.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>396</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Europe Real Estate (The "Financial Product")

**Legal entity identifier:** 2138008R504FRND40A57

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

YES

NO

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EPRA Nareit Developed Europe Capped 10% Total Return (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### ● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

### ● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>397</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

<sup>397</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>398</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>400</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>399</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>400</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>399</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>400</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific sectorial exclusions such as white phosphorus weapons and exclusion of investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#)

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 80% minimum; this rate being calculated according to the weighted average assets allocation mix within the Investment Universe between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated investment grade and minimum 75% ESG analysis coverage rate for securities issued in emerging countries, from small and micro-capitalisation universe and/or rated Sub-Investment grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

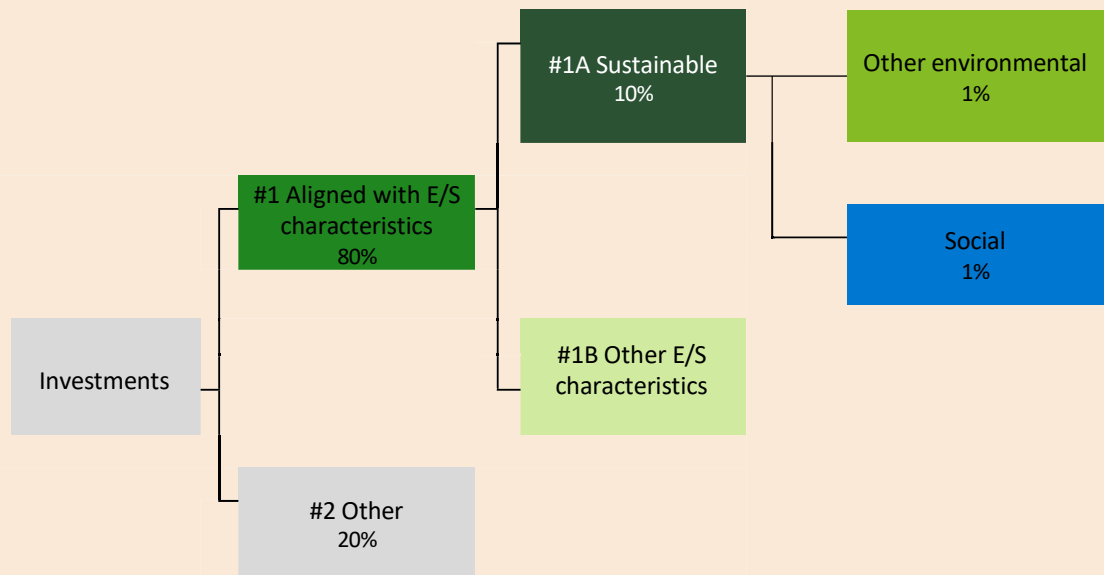


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>401</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

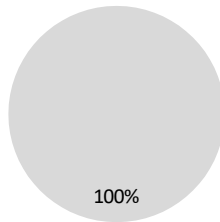
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

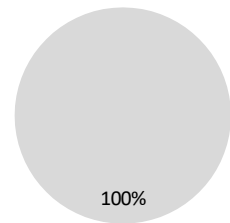
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

<sup>401</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Real Estate (The "Financial Product")

**Legal entity identifier:** 213800RDYM8R86GJH846

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises

- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product. A broad market index, FTSE EPRA NAREIT Developed Total Return Net (the "Benchmark"), has been designated by the Financial Product.

The initial investment universe of the Financial Product will be defined as the Benchmark (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the Benchmark which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>402</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

<sup>402</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>403</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>405</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>404</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>405</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>404</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>405</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the Benchmark, both ESG scores of the Financial Product and the Benchmark being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate of the Financial Product net assets is at 80% minimum of the net assets of the Financial Product, this rate being calculated according to the weighted average assets allocation mix within the Investment Universe between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade and minimum 75% ESG analysis coverage rate for securities issued in emerging countries, from small and micro-capitalisation universe and/or rated Sub-Investment Grade.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

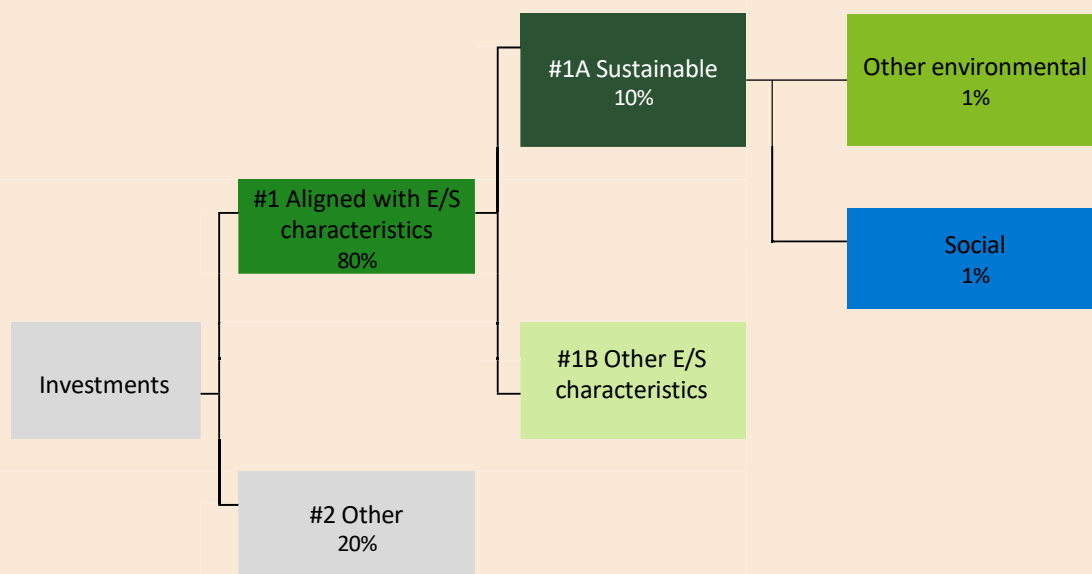


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>406</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

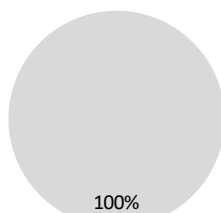
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

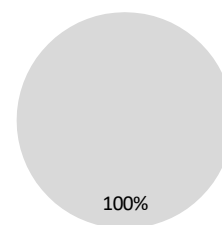
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>406</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as the designated Benchmark is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA WORLD FUNDS Global Flexible Property (The "Financial Product") **Legal entity identifier:** 213800GJYJXTCJS5239

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**YES**   **NO**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b></p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b></p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### **What environmental and/or social characteristics are promoted by this financial product?**

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers considering the **ESG score** further described below.

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises



- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

A parallel Comparison Portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of the FTSE EPRA Nareit Global for the equity pocket and the ICE BofA Global Real Estate for the fixed income pocket (the "Comparison Portfolio").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicator:

- The weighted average ESG Score of the Financial Product and of the parallel Comparison Portfolio which is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

The Financial Product also outperforms the Comparison Portfolio of this sustainability indicator in order to promote the environmental and social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

**1. UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

**2. Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>407</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

<sup>407</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>408</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non-compliant” to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

<sup>410</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors' risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>409</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>410</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises

<sup>409</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>410</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

For Sovereigns and Supranationals :

	Relevant AXA IM policies	PAI indicator
Social	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

2. In addition, the Financial Product always outperforms the ESG score of the parallel Comparison Portfolio, both ESG scores of the Financial Product and the parallel Comparison Portfolio being calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product.

3. The ESG analysis coverage rate within the portfolio is at least 85% of the net assets of the Sub-Fund, this rate being calculated according to the weighted average assets allocation mix within the Investment Universe between minimum 90% ESG analysis coverage rate for securities issued in developed countries and/or rated Investment Grade and minimum 75% ESG analysis coverage rate for securities issued in emerging countries and/or rated Sub-Investment Grade and/or equities issued of small and medium capitalisation companies.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



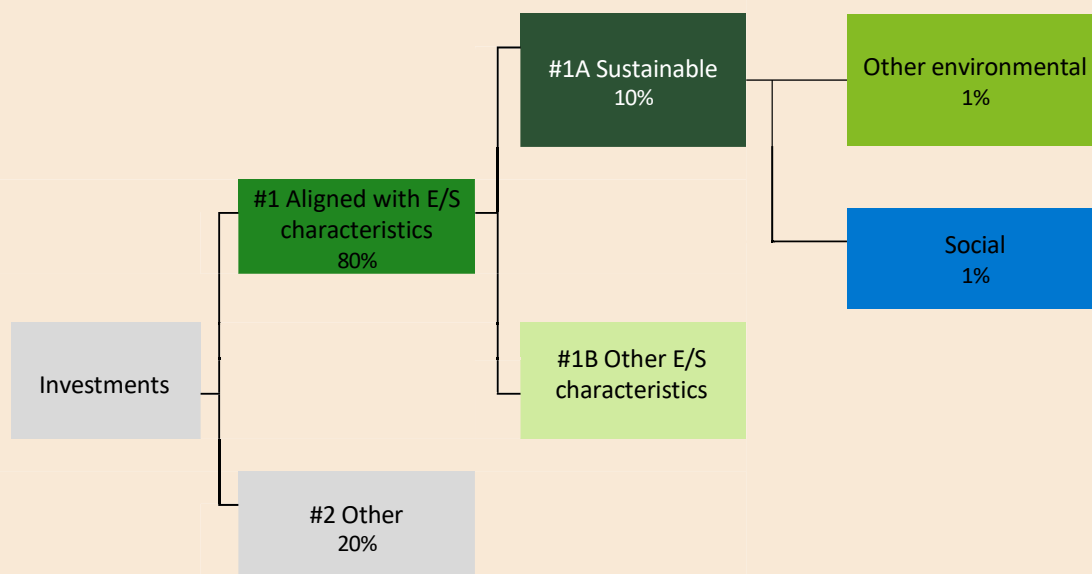


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>411</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

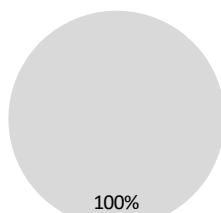
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

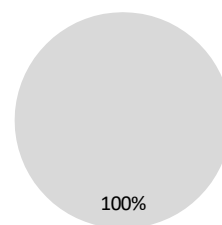
1. Taxonomy-alignment of investments including sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Alignés sur la taxinomie : gaz fossile
- Alignés sur la taxinomie : nucléaire
- Alignés sur la taxinomie (hors gaz et nucléaire)
- Non alignés sur la taxinomie



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally

<sup>411</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and/or for diversification and/or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).  
More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** AXA World Funds Selectiv' Infrastructure (The "Financial Product") **Legal entity identifier:** 2138007UJLE7MEGJLU10

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

YES   NO

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___%	<input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy.	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	<input checked="" type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Financial Product consist of investing in:

- issuers that consider **gender diversity at board level**.
- issuers considering their **carbon intensity**.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and unconventional oil & gas activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labour rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labour Organisation's (ILO) Conventions or the OECD guidelines for Multinational Enterprises
- Protection of human rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Financial Product.

**Until 27 December 2024, the following applies:**

A parallel comparison portfolio has been internally defined by the Investment Manager for ESG purposes and is constituted of 80% GLIO (Global Listed Infrastructure Organisation) + 20% FTSE EPRA Nareit Global for the Equity pocket and of the ICE BofA Global Corporate for the Fixed Income pocket (the "Comparison Portfolio").

The Financial Product promotes the protection of Human Rights avoiding investing in debt instruments issued by countries where the worst forms of human right violations are observed.

**As from 27 December 2024, the following applies:**

The initial investment universe of the Financial Product will be defined as composed mainly of listed equity (including REITs), equity-related and transferable debt securities issued by worldwide companies that are part of the infrastructure universe, including MLPs equity-related securities and MLPs-debt related securities. The infrastructure universe includes companies specialized in the development, the management and the operation of infrastructures to provide essential public services that facilitate economic growth such as Energy, Transportation, Telecommunications, Social infrastructure and Utilities (the "Investment Universe").

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- The weighted average Women on Board defined as the percentage of female board members at the investee companies held in the Financial Product and of the Investment Universe. It is provided by an external data provider.
- The weighted average Carbon Intensity of the Financial Product and of its Investment Universe, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions \$ revenue released into the atmosphere, expressed in CO<sub>2</sub>e tons per millions \$ revenue.

The Financial Product outperforms its Investment Universe on these sustainability indicators in order to promote the environmental and/or social characteristics described above.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives (without any limitation) by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. **UN Sustainable Development Goals alignment (SDG)** of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. **Integration of issuers engaged in a solid Transition Pathway** consistently with the European Commission's ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM’s exclusion and stewardship policies.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.

Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Exclusion Policies:**

**Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector

Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>412</sup>	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- **Social and Governance :**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>413</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

**Filter based on UN SDGs:**

The Investment Manager also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by the Investment Manager’s Core ESG & Impact Research. This approach enables AXA IM to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “Gender equality”, SDGs 6 “Clean water and sanitation”, SDG 8 “Economic growth”, SDG 10 “Reduced inequalities”, SDG 12 “Responsible production and consumption” and SDG 14 “Life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as "non-compliant" to UN’s Global Compact Principles, International Labour Organisation’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>412</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<sup>413</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.



The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

(i) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion applied as part of the application of AXA IM Sectorial policies and AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis.

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigates adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impact on those specific PAI indicators:

For Corporates:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 3: GHG intensity of investee companies
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Climate risk policy (considering an expected correlation between GHG emissions and energy consumption) <sup>414</sup>	PAI 6: Energy consumption intensity per high impact climate sector
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area

<sup>414</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards) <sup>415</sup>	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
	Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

**For Sovereigns and Supranationals :**

	<b>Relevant AXA IM policies</b>	<b>PAI indicator</b>
<b>Social</b>	AXA IM ESG standards with the exclusion of investee countries with severe social violations	PAI 16: Sovereign Investee countries subject to social violations
	AXA IM Compliance black-list based on international and EU sanctions	

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.

## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusions on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation) . Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

### Until 27 December 2024, the following applies:

The Financial Product promotes environmental and/or social characteristics by investing in securities that have implemented good practices in terms of managing their environmental, governance and social ("ESG") practices.

<sup>415</sup> The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables AXA IM to use the PAI more effectively.

The Financial Product bindingly applies at all times a socially responsible investment selectivity approach through investments in securities that have implemented good practices in terms of managing their environmental impacts, governance and social ("ESG"), by using an ESG scoring upgrade approach which requires the ESG scoring of the Financial Product to be higher than the scoring of the Comparison Portfolio as defined above, after omitting at least the worst 20% ESG Scores. ESG scores calculations are made after excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

**As from 27 December 2024, the following applies:**

The Financial Product applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

The Financial Product is also managed using a socially responsible investment (SRI) approach.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times its Sectorial Exclusion Policies and ESG Standards Policy as a first exclusion filter.

The Sectorial Exclusions Policies exclude companies linked to Controversial Weapons, Climate risks, Soft Commodities (based on food and basic agricultural or the marine commodities), unsustainable practices relating to Ecosystem Protection and Deforestation and Tobacco.

The ESG Standards Policy (the "ESG Standards") encompass specific exclusions such as white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#).

**Until 27 December 2024, the following applies:**

2. The Financial Product bindingly applies at all times a socially responsible investment selectivity approach through investments in securities that have implemented good practices in terms of managing their environmental impacts, governance and social ("ESG"), by using an ESG scoring upgrade approach which requires the ESG scoring of the Financial Product to be higher than the scoring of the Comparison Portfolio as defined above, after omitting at least the worst 20% ESG Scores ESG scores calculations are made after excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

**As from 27 December 2024, the following applies:**

2. The Financial Product applies a socially responsible investment selectivity approach Best-in-Universe on the Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing at least the 25% worst values of the Investment Universe, as defined above, based on a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their ESG Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets. The threshold will be increased to 30% starting from January 1st, 2026.

\*\*\*

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions

that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored 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.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to both promote Environmental and/or Social characteristics of the Financial Product. AXA IM's ESG scoring methodology is further described on dedicated methodological document on our website: [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#).

The Financial Product can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Investment Universe on at least two ESG Key Performance Indicator that are Women on Board and Carbon Intensity at all times.

**Until 27 December 2024, the following applies:**

The following minimum coverage rates apply with the Financial Product portfolio (expressed as a percentage of at least % of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, ii) 90% for the Women on board indicator and iii) 70% for the Carbon Intensity indicator.

**As from 27 December 2024, the following applies:**

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Women on Board indicator and iii) 55% for the Carbon Intensity indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31st, 2026.

\*\*\*

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

**Until 27 December 2024, the following applies:**

There is no committed minimum rate to reduce the scope of the investments considered.

**As from 27 December 2024, the following applies:**

The initial investment universe is reduced by at least, 25% through the investment strategy described above. The threshold will be increased to 30% starting from January 1st, 2026.

**What is the policy to assess good governance practices of the investee companies?**

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

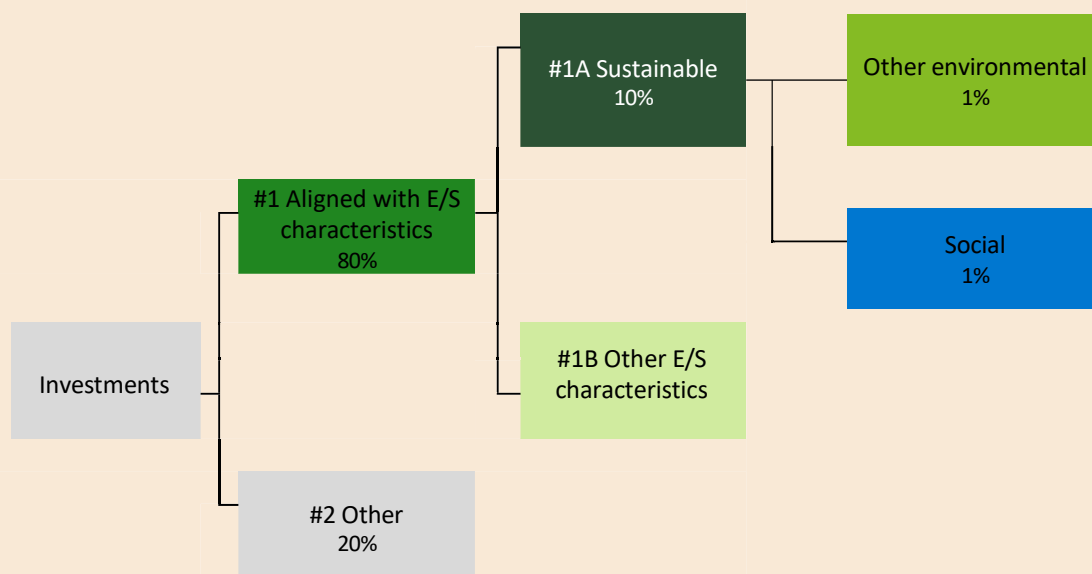


## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging, liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Single names derivatives used for investment purpose apply exclusion policies and thus contribute to attain the environmental or social characteristics promoted by the Financial Product.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Financial Product does not take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>416</sup> ?**

Yes

In fossil gas

In nuclear energy

No

To comply with the EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

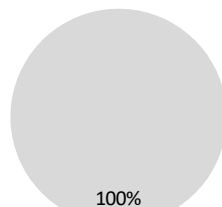
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

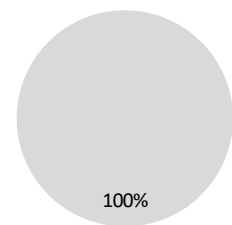
1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned



This graph represents 100% of the total investments

\* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally

<sup>416</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with social objectives is 1% of the Financial Product Net Asset Value.

The proportion of investments between environmental sustainable assets not aligned with EU Taxonomy and social sustainable assets is freely allocated and adds up to at least the total sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. The "other" assets may consist in:

- cash and cash equivalent investments, and
- other instruments eligible to the Financial Product and that do not meet the Environmental and/or Social criteria described in this appendix. Such assets may be transferable securities, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards are applied and assessed on all "other" assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable as there is no specific index designated as an ESG reference benchmark.



### **Where can I find more product specific information online?**

More information can be found on the AXA IM fund centre following that link: [Funds - AXA IM Global](#).

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate](#).