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 FACTORS - CLIMATE EQUITY FUND (the "Financial Product")

Legal entity identifier: 213800KYJJ744RJXUS49

Sustainable Investment Objective

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.

Does this financial product have a sustainable investment objective?

☒ YES	☐ NO
☒ It will make a minimum of **sustainable investments with an environmental objective: 51.0 %**	☐ 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 is the sustainable investment objective of this financial product?

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

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 World Climate Change Index as Benchmark. The Financial Product's Benchmark qualifies as an EU Climate Transition Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011. The benchmark is used for comparison purpose and to monitor the reduction in carbon intensity overtime achieved through the ESG approach described in the binding elements section, but not to attain the sustainable investment objective of the fund. In particular, the fund does not track its Climate Transition Benchmark in a passive manner. 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 with SBTi certified targets.

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.

- **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 of the Financial Product 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_2e tons per millions $ revenue.

The Financial Product outperforms its investment universe, composed of large, mid and small companies trading on regulated developed markets around the world, of this sustainability indicator in order to attain the sustainable investment objective described above.

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 do 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 intends to make means that the following companies cannot qualify as sustainable if they meet 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 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 factors 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:

- Environment:

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)[1]	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
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
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) [2]	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:

AXA IM 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 AXA IM 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[3].

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

[1] 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.

[2] 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

[3] Except for GSSBs (Green, Social and Sustainability Bonds)

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?**

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. 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 Organization’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) 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. 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:

	Relevant AXA IM policies	**PAI indicator**
Climate and other environment related indicators	Climate Risks policy Ecosystem protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 &3 starting 01/2023
	Climate Risks policy Ecosystem Protection & Deforestation policy	PAI 2: Carbon Footprint
	Climate Risks policy Ecosystem Protection & Deforestation policy	PAI 3: GHG intensity of investee companies
	Climate Risks policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risks policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Ecosystem Protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive areas
Social and Employee Respect for Human Rights, Anti-Corruption and Anti-Bribery matters	ESG standard policy / violation of international norms and standards	PAI 10: Violation of 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

(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.
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.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What *are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times a first exclusion filter, encompassing areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. 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 tobacco and 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 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.

   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 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 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 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.

   The ESG approach in place for the Financial Product is described in detail in the transparency code available at https://www.axa-im.com/fund-centre.

4. In addition, the Investment Manager balances decarbonisation with investments into the low carbon economy by targeting exposure into low carbon leaders, transition opportunities and green enablers to ensure that the Sub-Fund holds positions in companies helpful to the mitigation of climate change or energy transition towards greener sources.

5. 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 CO2-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, CO2 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 tonne of CO2 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:

- 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: https//www.axa-im.com/fund-centre.

The estimated carbon emissions will be calculated on a quarterly periodic basis. The average estimated carbon emissions 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). 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 Entreprise Value data of Bloomberg market value) and internal analysis to evaluate the issuer enterprise value (meaning the total value of a company) in order 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 CO2 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 capitalisation, 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 CO2 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 CO2 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 CO2 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 CO2 per year. This process is replicated for all stocks held in the Financial Product to be in a position to calculate the total level of carbon intensity to be compensated at Financial Product level.

For calculating the annualized cost of the compensation, we take into account 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 CO2 per year to be compensated is at 14,384 tons, 1 VER equals one ton of CO2 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 entreprise 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 CO2 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 x E x 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 x 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 (htpps://climateseed.com) 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 so as to materialise 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 Manger 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 our AXA IM Sustainable Investment Framework.

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 harmonized 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.

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 in a material manner of international norms and standards that 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 Organization’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

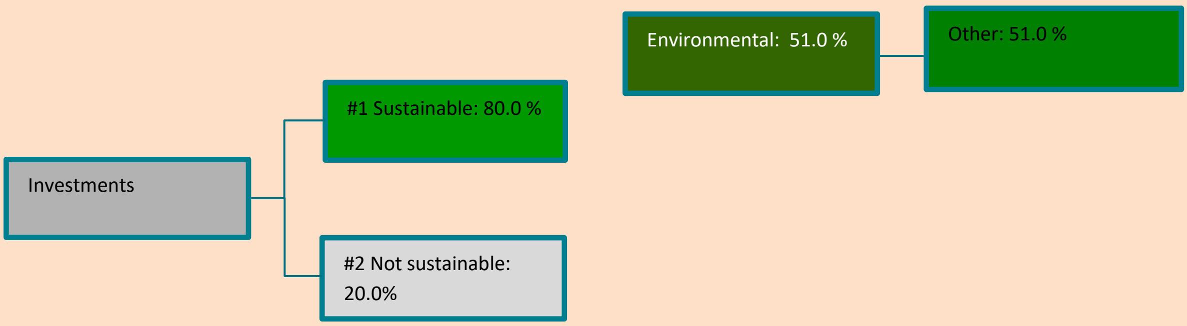
In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors 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.

The Financial Product aims to plan its assets' allocation as presented in the graph below. This planned asset allocation might deviate on a temporary basis.



 # 1 Sustainable covers sustainable investments with environmental or social objectives.

 # 2 Not sustainable includes investments which do not qualify as sustainable investments.

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 80.0 % 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 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?***

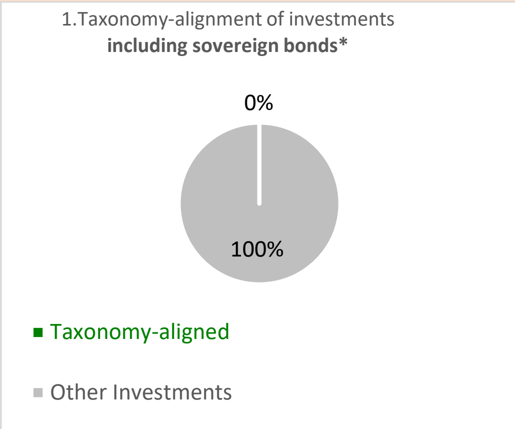
Not applicable as the use of derivatives doesn't contribute to attaining the sustainable investment objective of the Financial Product.

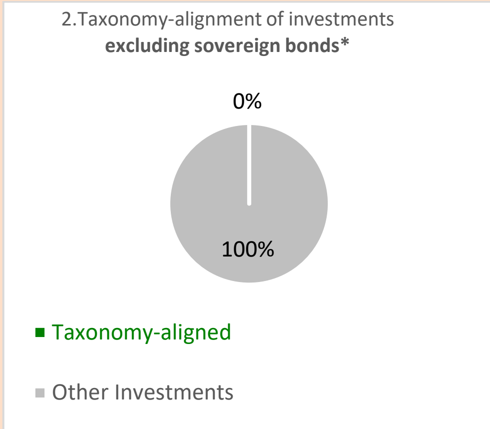
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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 bond





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

The Financial Product doesn't 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.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable

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 51.0 % 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.

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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 Benchmark described above is the specific index that has not been designated to meet the sustainable investment objective of the financial product.

Where can I find more product specific information Online?

More information can be found on the fund center following that link: Funds - AXA IM Global (axa-im.com)

More details on sustainable investment frameworks are available on: Sustainable Finance | SFDR | AXA IM Corporate (axa-im.com)