

# AXA ACT Carbon Transition Sterling Buy and Maintain Credit Fund

## Sustainability Goal

Sustainable investment labels help investors find products that have a specific sustainability goal. This product does not have a UK sustainable investment label. Although it pursues a specific sustainability goal and considers environmental, societal and governance factors, it does not meet all the criteria for a sustainable investment label.

This fund aims to gradually reduce the carbon emissions of the portfolio over time to support the transition towards net zero. In practice, this means keeping its weighted average carbon intensity (WACI) below its emissions benchmark. The emissions benchmark is set as a 30% reduction of the WACI of the ICE BofAML Sterling Non-Gilt Index on 31 December 2021, and it is reduced by 7% each year based on the previous year end figure.

### About the Weighted Average Carbon Intensity (WACI)

The WACI is an industry-standard measure of a portfolio's exposure to companies' emissions. It is calculated by adding up each holding's carbon emissions, measured in tons of carbon dioxide emissions per US\$1m of revenue, according to its portfolio weight.

The WACI calculation takes into account carbon emissions from sources controlled by an issuer (Scope 1 emissions) and indirect carbon emissions from the production of electricity, heat or steam consumed by an issuer (Scope 2 emissions). Indirect emissions in the value chain of an issuer, for example from suppliers (Scope 3 emissions) are not included because data is either not yet available for many issuers or not reliable enough to use as a basis for investment decisions. While we don't believe that the omission of Scope 3 emissions hurts our sustainable objective, it may mean that our data underestimates a company's total carbon emissions, and therefore its contribution to the WACI of the fund.

## Sustainability Approach

To help us achieve our sustainability objective, we assess the decarbonisation goals of issuers when we're choosing between bonds of a similar profile in terms of sector, credit risk and duration. We use carbon metrics provided by selected external providers and our own research to assess how issuers are taking account of decarbonisation within their own operations.

**We favour bonds from issuers in these categories:**

Aligned or aligning to Net Zero carbon emissions

Projects or businesses that directly enable the transition to a Net Zero world

**We may invest if our research suggests these issuers have a clear and credible commitment to reduce carbon emissions or they are not detrimental to the fund's sustainability objective**

Not aligned to Net Zero or not providing climate solutions

Issuers with no suitable data available

Over time, we aim to gradually increase our allocation to aligned and aligning issuers to help decarbonise both the portfolio and wider industry in line with net zero.

We may also engage with issuers to encourage them to define clear climate objectives and strategies, as another way of achieving our aims.

### Responsible investing

In addition to applying the fund's sustainability approach, AXA IM's responsible investing and environmental, social and governance (ESG) approach is embedded in the investment process. Our approach is built around robustly integrating ESG assessment into our investment analysis and portfolio construction based around three pillars:

**Research, data and tools** - ESG research helps us identify material ESG-related risks and opportunities. Our ESG research is based on quantitative ESG data as well as qualitative analysis from our own analysts on non-financial criteria of companies and issuers of bonds.

**Exclusions** - We apply our top-level screening policies and AXA IM ESG Standards policy to this fund.

- Top-level screening policies cover controversial weapons, climate risks, ecosystem protection & deforestation, soft commodities and tobacco.
- AXA IM ESG Standards policy includes white phosphorus weapons, violations of international norms and standards, severe controversies and low ESG quality names.

**Stewardship** - Our responsible investing approach includes engaging with the management of companies where we own shares or bonds when we want to encourage good practice and/or maintain ongoing dialogue. We also use the voting rights that come with share ownership. We adopt an active and impactful approach to stewardship by using our scale as a global

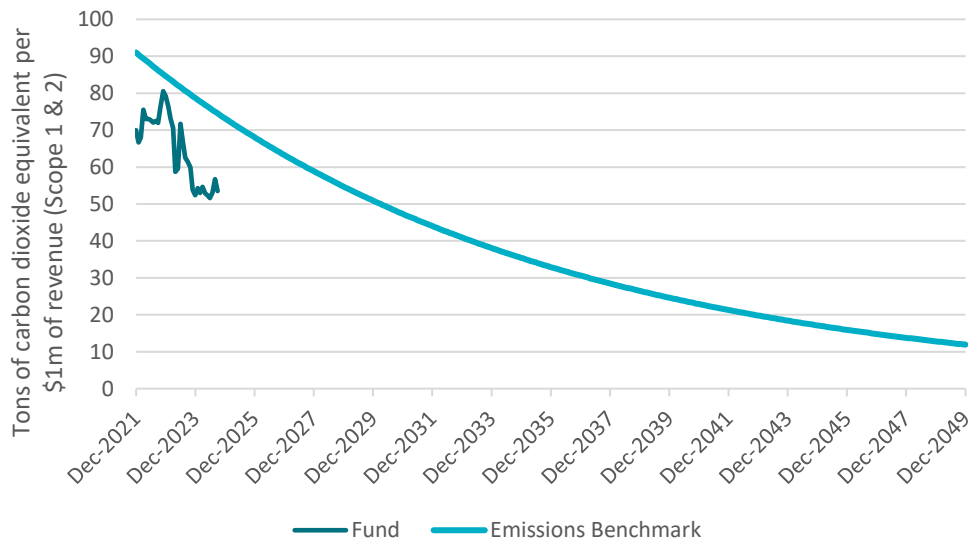
investment manager to influence company and market practices. If we don't feel a company is responding to engagement, we have a range of escalation routes and can ultimately disinvest.

You can find a more detailed overview of our ESG policies on our website at <https://www.axa-im.com/our-policies-and-reports>

## Sustainability Metrics *Source: AXA Investment Managers, as at 30<sup>th</sup> September 2024*

To measure the fund's reduction in carbon emissions, we compare its weighted average carbon intensity (WACI) to the WACI of its carbon emissions benchmark. The emissions benchmark is set as a 30% reduction of the WACI of the ICE BofAML Sterling Non-Gilt Index on 31 December 2021, and it is reduced by 7% each year based on the previous year end figure.

We monitor the WACI every month. If the portfolio WACI goes higher than the benchmark then we'll make changes as soon as practicable to get back on track, while having regard to the best interests of investors



### Would You Like To Know More?

More detailed information on this Fund, such as the prospectus, the KIID, the annual report as well as the latest sustainability reports, can be obtained free of charge from the Fund's Management Company, the Administrator, the Fund's distributors, online at <https://funds.axa-im.co.uk/en/individual/>, or by calling 0345 777 5511. These documents are available in English.

A glossary of some of the terms used in this document can be found online at <https://retail.axa-im.co.uk/glossary>

The Net Asset Value per share is available at <https://www.axa-im.co.uk> and at the registered office of the Fund's Management Company

Find out more about the FCA's Sustainability Disclosure Regulations here:

<https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime>

### Share Class ISIN

T Acc GBP	GB00BP0Y3G39
T q Inc GBP	GB00BP0Y3H46
Z (G) Acc GBP	GB00B7VXY261
Z Inc GBP	GB00BDDRN805

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