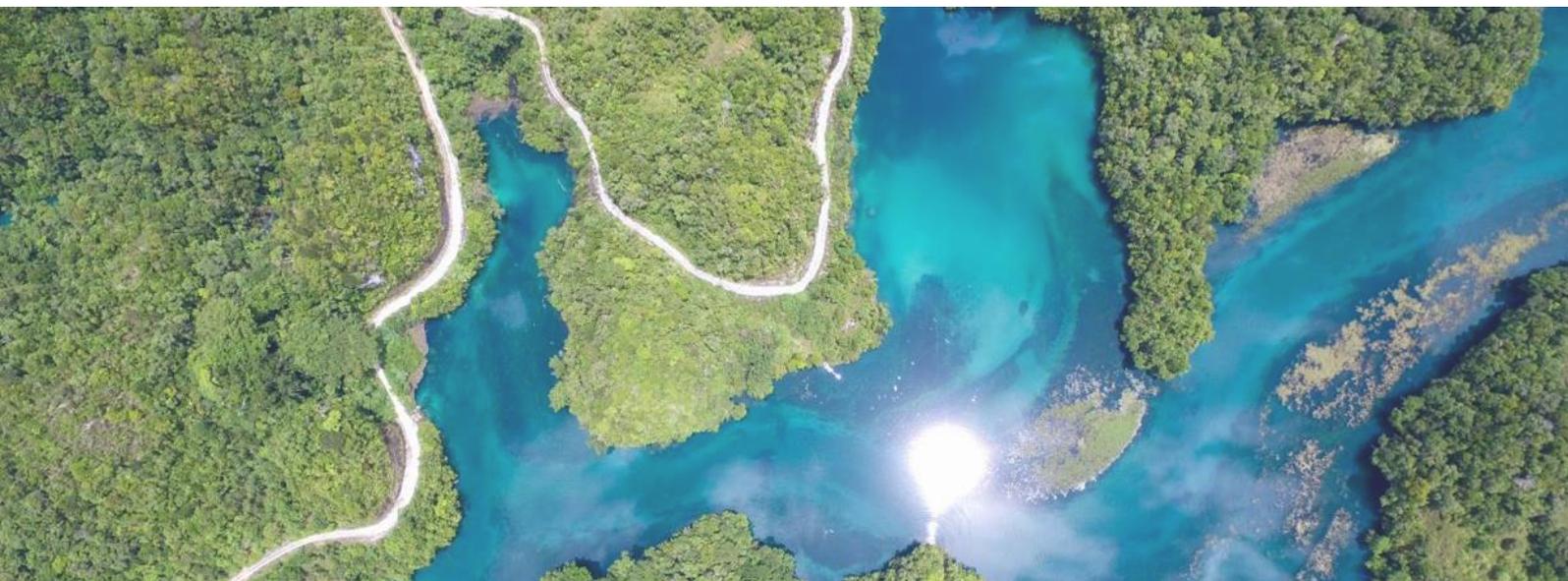




**IMPORTANT INFORMATION:** *Following the combination of BNP Paribas Asset Management (BNPP AM) and AXA Investment Managers (AXA IM), we are currently working to develop a new sustainability approach. This document applies to the eligible investment portfolios managed by AXA IM before the combination of entities. The document will be replaced in due time as part of the development of joint policies. For the latest applicable policies, please visit this page on our website: <https://www.bnpparibas-am.com/en/what-we-do/sustainability-policies-reports>*

*For information on the application of this policy to a specific fund (including applicable methodology), please refer to the relevant product's legal documentation. These documents can be found on the relevant Funds pages available on our website.*

## **AXA IM Policy for Sustainable Labels Label ISR, Label Greenfin and Towards Sustainability Label**





**The document presents AXA Investment Managers' (AXA IM) implementation of sustainability-related Labels.**

AXA IM aims to offer sustainable funds complying with high Responsible Investment standards to its clients. Labels provide an additional level of guarantee on the quality of our funds, in line with their respective rulebooks, supported by an external assurance process.

The below rules are applied to AXA IM funds that have been awarded with the Label ISR, Label Greenfin and/or Towards Sustainability Quality Standard ("Sustainable Labels").

Restrictions required by the Sustainable Labels are applied in addition to our internal [AXA IM RI exclusion policies](#):

- We monitor systematically and exclude strong ESG risks through the application of our policies on controversial weapons, ecosystem protection & deforestation, soft commodities, climate risks and tobacco, for most of the assets under management<sup>1</sup>.
- For most of the ESG-focused open-ended funds, including all labeled funds, we apply an additional screening with the AXA IM ESG Standards focused on white phosphorus weapons producers as well as on companies exposed to severe controversies and that violate international norms and standards. We also monitor with attention low ESG scores, in particular companies with an ESG Score below 1.43 out of 10. Furthermore, we exclude countries where the worst forms of human right violations are observed. Those policies are available on our [website](#) and are complemented by the rest of our Responsible Investment policies, which cover notably voting and engagement activities.

---

<sup>1</sup> Funds not in scope of the policy are mentioned in the "implementation" section of each policy



## Table of contents

<b>1. AXA IM Responsible investment strategy</b> .....	4
<b>1.1. General approach</b> .....	4
<b>1.2. ESG analysis</b> .....	4
<b>1.3. Transparency and disclosures</b> .....	9
<b>2. Label ISR</b> .....	10
<b>2.1. Exclusions</b> .....	10
<b>2.2. Engagement strategy</b> .....	13
<b>3. Label Greenfin</b> .....	15
<b>3.1. Assessment of Green Bonds</b> .....	15
<b>3.2. Exclusions</b> .....	16
<b>4. Towards Sustainability Quality Standard</b> .....	18
<b>4.1. Exclusions</b> .....	18
<b>4.2. AXA IM's approach to other material ESG issues</b> .....	25
<b>5. Implementation</b> .....	27
<b>6. Appendix</b> .....	28
6.1. Scope of funds awarded with the Label ISR .....	28
6.2. Scope of funds awarded with the Greenfin Label .....	28
6.3. Scope of funds awarded with the Towards Sustainability Label.....	28
6.4. ESG Key Performance Indicators methodologies .....	28



## **1. AXA IM Responsible investment strategy**

### **1.1. General approach**

AXA IM has been involved in responsible investment for more than 20 years and is actively engaged in incorporating Environmental, Social and Governance (“ESG”) factors into each of its business units, as well as in the development of a range of responsible- and impact-investment products.

We believe that ESG factors should not only influence the management of our portfolios across asset classes, sectors, companies, and regions, but also respond to the interests of our clients and other stakeholders. Our investment philosophy is based on the conviction that sustainable development issues are a major concern for the coming years. We believe that combining fundamental ESG factors with traditional financial criteria will help us build more stable portfolios that perform better over the long term. The non-financial approach has become a necessity in many ways:

- It is instrumental in removing companies and investments from portfolios when they cause exposure to high levels of ESG risk, which would ultimately affect financial performance;
- It focuses on companies and investments that have implemented best practice regarding managing their environmental impacts, governance and social practices, and whose responsible practices leave them better prepared, in our view, to meet the major challenges of the future;
- It may support improved performance by means of active dialogue with companies on managing ESG concerns around investments and limiting our clients’ exposure to reputational risk.

AXA IM’s RI framework, policies and processes are built to consider each of these impacts, at varying degrees depending on the level of integration of our products.

### **1.2. ESG analysis**

AXA IM relies on its Q<sup>2</sup> (Qual & Quant) ESG scoring methodology, developed in 2021, which is further described in the [AXA IM ESG Methodologies](#) document available on our website.

- **Corporates**

This ESG Scoring methodology uses MSCI ESG scoring model as the starting point, complemented with fundamental ESG analysis provided by AXA IM ESG analysts which can i) complement current coverage from MSCI by transforming a qualitative analysis into a quantitative ESG score using MSCI pillars aggregation methodology and scores normalization (“qual-to-quant”) or ii) adjust the existing, previously prevailing MSCI score, using MSCI pillars aggregation methodology and scores normalization, for cases where the AXA IM ESG analysts disagree with MSCI’s ESG assessment, on the condition that the ESG Monitoring & Engagement Committee validates the proposal.

On Small and mid-caps, AXA IM uses the ESG raw scores from Reorg FinDox, aggregated using MSCI framework in 3 pillars, 10 themes and 35 key issues, as well as MSCI's sectorial weighting.

Finally, a specific methodology for green, social and sustainability bonds (GSSB) has been designed to include the bonds' qualitative assessment made by the dedicated ESG analysts into the Q<sup>2</sup> scoring frameworks. The qualitative analysis is based on AXA IM's [Green, Social and Sustainability Bonds framework](#), made up of 4 pillars assessing i) the ESG quality and strategy of the issuer, ii) the use of proceeds and the process for project selection, iii) the management of proceeds and iv) the impact reporting.

- **Sovereigns**

MSCI ESG Government Ratings covers 198 countries and regions and provides ratings on more than 99 percent of outstanding sovereign debt in the marketplace and identifies 27 key issues for sovereigns within the three ESG pillars and reflect how countries' exposure to and management of environmental, social, and governance risk factors may affect the long-term sustainability of their economies.

- **Integration of ESG scores into portfolio construction and management process**

AXA IM uses ESG scores to identify and understand the impacts of ESG risks and opportunities on issuers and manage those impacts within the portfolio construction and management process with the objective to maximize ESG risk-adjusted returns.

ESG factors are financially material due to their impacts, positive and/or negative, on the cost of capital, company's credit risk, but also on the generation of sales and profits as well as on cash flow projections. The exposure to sustainability risks and opportunities and the nature of their impact varies by industries, consequently, the identification and analysis of the materiality of key ESG issues per sector and at sub-industry level, considering the timeframe is key. Then, comes the importance of assigning weights to those issues to build a comprehensive ESG score which properly reflects the issuer's degree of exposure to sustainability opportunities and potential risks. The ESG score, as well as the analysis per E, S and G pillars aims to inform portfolio managers' decision-making process by providing them an overview on where and how ESG factors contribute to risk-adjusted returns and prevent exposure to risks which could ultimately affects the financial performance.

Back in 2021, AXA IM considered MSCI has reached a good level of maturity in ESG scoring. Whilst the ESG data market has been maturing and to a certain extent converging towards a few providers, no universal standard exists and the correlation between ESG data providers across their universe remains low, at 54% on average and much lower than between credit rating agencies (according to Berg *et al.*, 2022<sup>2</sup>). At the time of the move, MSCI ESG scores correlation with existing AXA IM's proprietary ESG Scores was high. AXA IM also decided to rely on using MSCI pillars aggregation

---

<sup>2</sup> Berg et al. (2022), Aggregate Confusion: The Divergence of ESG Ratings, Review of Finance, Volume 26, Issue 6, November 2022, Pages 1315–1344, <https://doi.org/10.1093/rof/rfac033>



methodology and scores normalization when transforming qualitative ESG analysis into quantitative ESG score, with the objective of also facilitating the understanding of different stakeholders.

In its [ESG scoring methodology](#), MSCI identifies key issues per sector, for each GICS® sub-industry, on the environmental and social pillars through several scenario analysis including the analysis of companies’ business model considering, among other things, their geographical localization, their operations, their activities and if they operate in several industries, their supply chain. Then, those key issues are weighted according to i) the industry’s contribution – relative to all other industries – to the negative or positive impact on the environment or society, and ii) the timeframe in which MSCI expects the related risks or opportunities for the industry’s companies to materialize: it corresponds to the ESG Industry Materiality Map set by MSCI. For each company, based on the environmental and social externalities identified at a sectorial level, MSCI identifies several environmental and social key issues which could generate unanticipated costs. On the governance part, all companies are assessed on six governance key issues. These ESG scores are then reviewed periodically by MSCI, and in the event of emergence of controversies or governance events, it may lead to the interim updating of the ESG rating components by MSCI. The MSCI ESG Industry Materiality Map is available here: [ESG Industry Materiality Map - MSCI](#).



Source: MSCI, April 2024

The weight of each Environmental and Social Key Issues ranges between 5% and 30% of the total ESG Rating. The minimum weight for the Governance pillar is 33%, for any industry. For diversified industries, the Key Issues are specifically weighted based on companies' activities.

At each end of calendar year, MSCI formally reviews Key Issues and weights.

The materiality maps for E, S and G issues are therefore complex, taking into account a multitude of parameters that should not be simplified, neither at a sectorial nor a cross-sectoral level, especially for financial products designed to mitigate exposure to ESG risks.

AXA IM's Q<sup>2</sup> ESG scoring methodology is the single ESG scoring methodology widely used across the financial products invested in traditional asset classes we manage. We strongly believe this methodology helps our portfolio managers to mitigate exposure to ESG risks, to protect financial returns, and to identify investment opportunities. Having different methodologies for building ESG ratings and applied across our portfolios, would dilute the identification and understanding of the key ESG issues' impacts, create confusion and ultimately scramble the comprehension of the ESG profile of a single company (compared to any other from any other sector). Diverging from the MSCI ESG Industry Materiality Map could lead to an artificial change in the ESG rating (upwards or downwards), making it impossible to reflect the reality of a company's ESG profile and to identify potential risks. Finally, it is to be noted that today, as confirmed by recent research findings (such as Berg *et al.*, 2022), the correlation of ESG ratings from the several data providers is positive but relatively low, as there is no consensus regarding the actual relative materiality of key ESG issues in relation to each other when ESG issues are taken as a whole. AXA IM is actively engaging with industry groups, policymakers, and supervisors on the need for ESG data distributed by data providers to be sufficiently robust, consistent and reliable, and highlights the importance of transparency on their methodologies.

At all times the fund(s) follows the Label ISR Standards and has a coverage of at least 90% in ESG analysis<sup>3</sup>, and 100% for funds awarded with the Towards Sustainability Label.

- **Controversies analysis**

To identify companies involved in controversies, AXA IM relies on Sustainalytics as a starting point complemented with internal qualitative analysis.

Sustainalytics' Controversies Research examines the negative impact a company's activity may have on the environment or society by assessing underlying incidents. It also analyses the resulting business risk to the company, and management's policies and response to the assessed activity.

A dedicated impact event score, integrated in the Controversy analysis, aims to assess the following dimensions:

- The gravity of the impact (**scale**)
- The size or spread of the impact (**scope**)

---

<sup>3</sup> Quantified standards are calculated, where applicable, based solely on the eligible portion of the fund, with the exception of bonds and other debt securities issued by public issuers and cash held on an ancillary basis, and French social impact assets (i.e. "actifs solidaires") (which are then capped at 10% of the total assets under management at any time).

- The actions that have been taken to manage, reverse or compensate the impact (**remediation**)
- How much the impact of an event is attributed to the company (**role**)

The analysis is also made up of a review of the of the financial risk posed by the event and the potential erosion of the company's enterprise value, adjusted for the company's financial health, as well as a qualitative analysis determining the qualitative conditions necessary for an upgrade or downgrade of the underlying impact and risk assessment.

Sustainalytics is then able to provide an overall Controversy score ranging from 0 to 5, which represent a collection of score(s) at event(s) level across several thematic. Controversy Rating is determined by the highest underlying event(s) score(s). The highest level of Controversy is 5, which corresponds to a "Severe Controversies" rating. The category highlights the most material risk or most severe stakeholder / environmental impact, representing exceptional egregious corporate behaviour, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

Sustainalytics covers the following themes in the assessment of controversies: operations, environmental supply chain, product & services, employees, social supply chain, customers, society & community, business ethics, governance, public policy.

In addition to controversies analysis, AXA IM also relies on the analysis of companies' compliance with International Norms & Standards provided by Sustainalytics, and complemented with internal qualitative analysis. Companies are assessed on their compliance with the United Nations' Global Compact Principle and other standards such as the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises and the United Nations' Guiding Principles on Business and Human Rights, as well as their underlying conventions. The objective is to identify companies that violate or are at risk of violating those international norms and standards through the assessment of each incident:

- the severity of its impacts on stakeholders and the environment: scale, scope and irremediability of incidents are assessed embedding an analysis of gravity and salience of the impacts, the frequency, duration and stakeholders impacted, difficulty of restoring the situation to the prior state ;
- company accountability: exceptionality, accountability and systemic nature of incidents are assessed. Recurrence of similar issues involving the company is also considered, as well as the duration of the issue ;
- company management: response, management systems and implementation are assessed through the analysis of companies' policies, processes and disclosures, as well as the effectiveness of implementation to prevent a recurrence of issues.

AXA IM systematically excludes, on its open-ended ESG funds including funds awarded with Sustainable Labels, companies exposed to severe controversies and that are not compliant with

international norms & standards as part of the application of the ESG Standards, using a combination of external data provided by Sustainalytics and internal qualitative analysis. Lists of companies exposed to severe controversies and breaching international norms and standards are regularly updated, each update being validated by the internal Responsible Investment governance bodies. The validated exclusion lists are then implemented into Front Office and monitoring tools, as per the process further described in the **5. Implementation** section.

### 1.3. Transparency and disclosures

AXA IM attaches great importance to communicating as transparently and comprehensively as possible to its clients in order to provide them with all the elements needed to understand responsible investment. Information related to AXA IM's responsible investment strategy are available on AXA IM's website.

Items	Document / Links
<b>Human resources on Responsible Investment (incl. training initiatives)</b>	<a href="#">AXA IM TCFD – Article 29 Annual Report</a>
<b>Governance structure and committees</b>	<a href="#">AXA IM TCFD – Article 29 Annual Report</a>
<b>Internal and external ESG research</b>	<a href="#">AXA IM TCFD – Article 29 Annual Report</a>
	<a href="#">AXA IM ESG Methodologies</a>
<b>Controversies prevention and identification policy</b>	<a href="#">AXA IM ESG Standards</a>
	<a href="#">BNPPAM Stewardship Vote &amp; Engagement Policy</a>
<b>Engagement policy (incl. engagement approach, process, escalation procedure)</b>	<a href="#">BNPPAM Stewardship Vote &amp; Engagement Policy</a>
<b>Voting policy (incl. security lending)</b>	<a href="#">BNPPAM Voting Policy</a>
<b>Outcomes of the Stewardship Strategy (Engagement &amp; Vote)</b>	<a href="#">BNPPAM Stewardship Vote &amp; Engagement Policy</a>
<b>Voting records</b>	<a href="#">ISS Platform with AXA IM voting records</a>
<b>Participation to industry initiatives</b>	<a href="#">BNPPAM Stewardship Vote &amp; Engagement Policy</a>
<b>AXA IM Proprietary Green, Social and Sustainability Bonds framework</b>	<a href="#">Driving impact in listed assets investments</a>
<b>AXA IM Proprietary Five pillars of impact investing for listed equities</b>	
<b>SFDR Entity disclosure related to sustainability risk and adverse sustainability impact</b>	<a href="#">SFDR Entity Disclosure</a>
<b>Comments and complaints (including Claims policy)</b>	<a href="#">Comments and Complaints   BNPPAM</a>
<b>Control framework</b>	<a href="#">AXA IM TCFD – Article 29 Annual Report</a>

All the main financial and non-financial information relating to ESG funds is available on our local websites in accordance with local regulations.

The following contents are available on the local websites in the Literature section of funds' individual pages (<https://funds.axa-im.com/>):

- ESG Report which includes specific E, S and G key performance indicators such as carbon intensity and women on board as well as the proportion of voting rights exercised on companies' held in portfolio and the percentage of portfolio's issuers under engagement
- Engagement Report, including the proportion of the portfolio subject to engagement and themes targeted
- Voting Report (for equity and multi asset funds only) – with number of AGMs voted and rationales for any vote against the management
- Legal documentation
  - Prospectus (including SFDR precontractual annex)
    - Description of the fund's financial and extra-financial objective(s)
    - Description of the E/S Characteristics or Sustainability objectives and how they are integrated within the investment process
  - Key information document
  - Annual reports and semi-annual reports including funds' inventories and SFDR periodic annex where SFDR PAI ex post results are reported
  - SFDR Website Disclosure
- Comments from the portfolio manager
- Factsheet with financial reporting

## 2. Label ISR

This section applies to Label ISR funds awarded under the “Securities asset management funds” section (*II.A.*) of the Label ISR Standards and does not apply to Label ISR funds awarded under the “Real estate asset management funds” (*II.B.*) of the Label ISR Standards.

For the specific case of funds of funds, at least 90% of underlying funds must be awarded the Label ISR. For feeder funds, the master must be awarded the Label ISR.

### 2.1. Exclusions

Label ISR exclusion criteria apply to all listed corporate assets (e.g. equities, bonds and money market instruments) and listed sovereign debt assets that Label ISR funds awarded under the “Securities asset management funds” section (*II.A.*) of the Label ISR Standards invest in. These exclusion criteria do not apply to Label ISR funds awarded under the “Real estate asset management funds” (*II.B.*) of the Label ISR Standards.

AXA IM builds the internal exclusion list using the approach and external data providers listed in the below tables. The list is then reviewed qualitatively on its compliance with Label ISR Standards, on the basis of which issuers may be added to and/or removed from the initial list. The final version of the exclusion list is then proposed, discussed, and validated within our RI governance committees on a regular basis, at least annually, unless a specific event requires an intermediate revision<sup>4</sup> or a delay in the publication of data requires to postpone the update. A parent company of a banned subsidiary

---

<sup>4</sup> Examples given: major newsflow. The list is not systematically updated following corporate actions.



may be exempted, if quantitative data indicates that activity-related revenues are immaterial to the group. In such case, the involved subsidiary will be banned.

The exclusion lists are prepared using information from external data providers, and although a qualitative review is performed, AXA IM is therefore not responsible for the accuracy of this data.

**2.1.1. Exclusion criteria applicable to activities excluded by the Label ISR<sup>5</sup> - Corporates**

<b>Activities</b>	<b>Criteria</b>	<b>Thresholds</b>	<b>Providers used</b>
<b>Controversial Weapons</b>	Any issuer involved in the production of systems, services, or components specifically designed for weapons whose use is prohibited by France's international commitments (biological weapons; chemical weapons; anti-personnel mines; cluster munitions)	0	ISS Ethix
<b>UNGC</b>	Any issuer suspected of serious and/or repeated violations of one or more principles of the UN Global Compact	NA	Sustainalytics
<b>Tobacco</b>	Revenue derived from the production or distribution of tobacco, or products containing tobacco	> 5%	Sustainalytics
<b>Coal</b>	Revenue derived from the exploration, extraction or refining of thermal coal or the supply of products or services specifically designed for these activities, such as transport or storage	> 5%	Sustainalytics
	Any issuer developing new thermal coal exploration, extraction or transport projects	0%	Urgewald
<b>Unconventional Oil &amp; Gas</b>	Total liquid or gaseous fossil fuel production from the exploration, extraction and refining of non-conventional liquid or gaseous fossil fuels. Unconventional liquid or gaseous fossil fuels are identified per the definition of the Scientific and Expertise Committee of the Sustainable Finance Observatory,	> 5%	Urgewald Bloomberg

<sup>5</sup> "Label ISR – Label Standards" published in March 2024, available here in French and English: [Critères d'attribution \(lelabelisr.fr\)](https://www.lelabelisr.fr)

	namely oil shale and shale oil, shale gas and shale oil, oil sands, extra-heavy oil, methane hydrates, ultra-deep offshore oil and gas and fossil oil and gas resources in the Arctic		
<b>Oil &amp; Gas</b>	Any issuer developing new projects for the exploration, extraction and refining of liquid or gaseous, conventional and/or unconventional fossil fuels	NA	Urgewald
<b>Power Generation</b>	Any issuer whose main activity is the production of electricity, and whose carbon intensity in the production of electricity is not compatible with the objectives of the Paris Agreement. The fund may be based on the following thresholds, or any other scenario in line with the objectives of the Paris Agreement	Year/geqCO2/ kWh 2023 = 366 2024 = 326 2025 = 291 2026 = 260 2027 = 232 2028 = 207	Bloomberg
<b>Tax</b>	Any issuer whose head office is located in a country or territory included in the latest available version of the EU list of countries and territories not cooperating on tax issues	NA	<a href="#">EU List of non-cooperative jurisdictions for tax purposes</a>
<b>Money laundering / Financing of terrorism</b>	Any issuer whose registered office is domiciled in a country or territory on the Financial Action Task Force (FATF) “ <i>blacklist</i> ” or “ <i>greylist</i> ”	NA	<a href="#">Financial Action Task Force (FATF)</a>

- **To be noted:**

As mentioned in the introduction of this document, AXA IM RI policies are applied to all funds awarded with the Label ISR, on top of Label ISR Standards requirements.

- AXA IM already excludes controversial weapons as part of its RI top-level policies, covering Label ISR Standards expectations ([AXA IM controversial weapons policy](#));
- AXA IM Climate Risks policy already cover development of new coal mines as well as the development of new coal assets ([AXA IM Climate Risks policy](#));
- As part of our AXA IM Tobacco policy, we already exclude all tobacco producers (>0% revenues, [AXA IM Tobacco policy](#));
- Similarly, violations of one or more of the UNGC principles are covered by [AXA IM ESG standards](#).

Therefore, to avoid duplication of information, those exclusions are not included in the Label ISR specific ban-list.

### 2.1.2. Exclusion criteria applicable to sovereign debt instruments issued by countries excluded by the Label ISR<sup>6</sup>

Activities	Criteria	Thresholds	Providers used
		<b>2024</b>	
<b>Tax</b>	Any sovereign included in the latest available version of the EU list of countries and territories uncooperative for tax purposes	NA	<a href="#">EU List of non-cooperative jurisdictions for tax purposes</a>
<b>Money laundering / Financing of terrorism</b>	Any sovereign in the “blacklist” or “greylist” by the Financial Action Task Force (FATF)	NA	<a href="#">Financial Action Task Force (FATF)</a>
<b>Corruption</b>	Any sovereign with a score strictly below 40/100 on the latest version of the corruption perception index published by Transparency International	<40/100	<a href="#">Transparency International</a>

## 2.2. Engagement strategy

As per Label ISR requirements defined in the Label ISR Standards, AXA IM will conduct engagement with issuers held in portfolio in the following cases:

- *Issuers in the portfolio that do not publish one or more performance indicators selected as the two performance indicators Label ISR must outperform (criterion 1.c. of the Label ISR Standards), and for which the applicant fund considers that the indicator(s) is/are material in view of the issuers identified;*
- *Issuers with a transition strategy in line with the Paris Agreement, as defined in appendix 5 of the Label ISR Standards, and whose observed results are not in line with the defined objectives (see section 1.3. below)<sup>7</sup>;*
- *In the case the financial product has selected the ESG Rating Improvement as the SRI Strategy, issuers in the portfolio that are among the worst 30% of the initial investment universe on the basis of ESG rating (taking into account the grandfathering clause defined by criterion 3.1.d. of the Label ISR Standards). These issuers are systematically subject to an ESG engagement, the maximum duration of the engagement may not exceed 3 years (including potential escalations). The issuer may not be retained in the portfolio if no improvement is observed at the end of this period.*

<sup>6</sup> “Label ISR – Label Standards” published on March 2024, available here in French and English: [Critères d’attribution \(lelabelisr.fr\)](https://www.lelabelisr.fr)

<sup>7</sup> The engagement process with issuers which do not have a credible transition plan will start on 1<sup>st</sup> January 2026, at the latest, as mentioned in the appendix 5 of the Label ISR Standards.

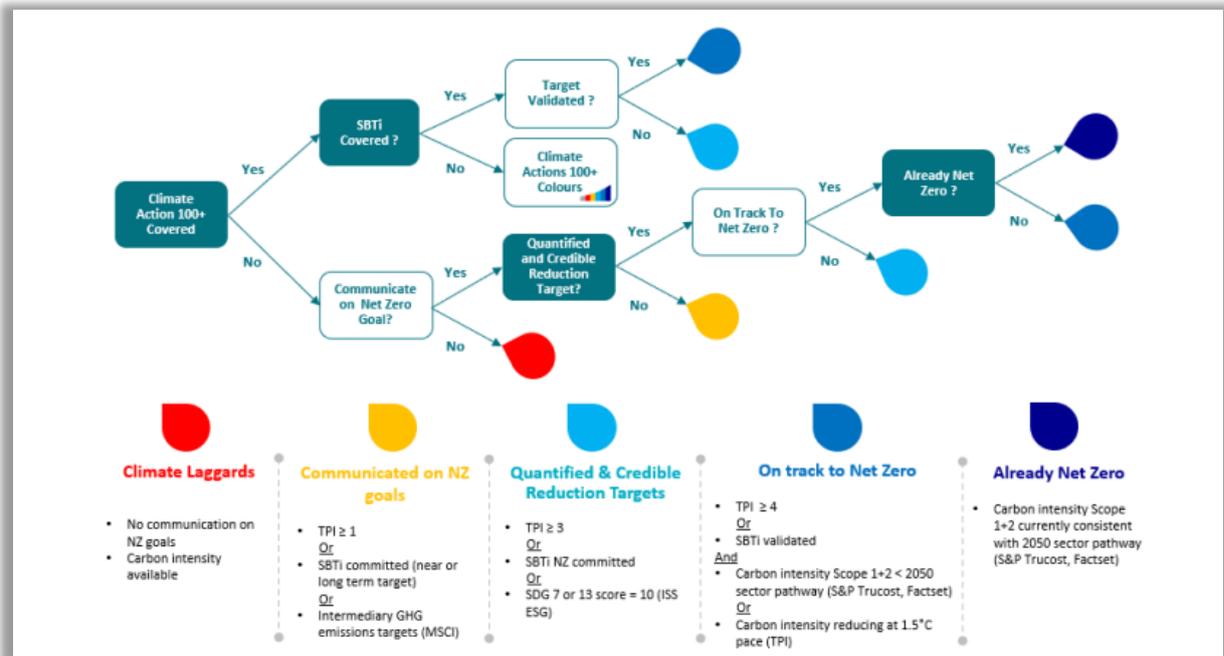


AXA IM relies on its existing [engagement policy](#), process and tools to conduct those engagements.

- **Focus on transition strategy engagements**

AXA IM has developed a « Climate Color » framework inspired by the Paris Aligned Investment Initiative’s Net Zero Investment Framework (NZIF). The NZIF sets out key target areas that investors can consider for their net-zero framework, contributing to two key objectives simultaneously: (i) transitioning of investment portfolios in a way that is consistent with the mitigation goals of the Paris Agreement, focusing on real economy decarbonization, and (ii) increasing investment in the range of climate solutions to enable the transition. In sum, the framework recommends investors to set out targets at two levels. The purpose of AXA IM Climate Color framework for Corporates is to assess the credibility of transition strategies and plans defined by investee companies as defined by the NZIF. The framework is a combination of qualitative assessment and a quantitative model, which are complementary. The qualitative climate color assessment determines the color of a company, whereas the quantitative climate color model is an input to the qualitative assessment and determines the default color of a company in the absence of a qualitative analysis.

- We consider issuers **with a transition plan that is aligned with the Paris Agreement** to be those benefiting with a **light blue, blue or dark blue color** using our AXA IM Net Zero Investment Framework ;
- We consider issuers **without a transition plan aligned with the Paris Agreement** to be those assessed with an **orange, red or grey color** using our AXA IM Net Zero Investment Framework.



Source : AXA IM, October 2025



- **Red** for companies considered as climate laggards;
- **Orange** for companies with explicit net zero intention/communication on net zero goals but no quantified or credible reduction target;
- **Light Blue** for companies with quantified & credible reduction targets;
- **Blue** for companies on track to achieve net zero by 2025 or sooner;
- **Dark Blue** for companies that have already achieved net zero emissions.

Please refer to “AXA IM Net Zero Targets Methodologies” for more information : <https://www.bnpparibas-am.com/en/what-we-do/sustainability-policies-reports/#AXA%20IM>

From January 2026, for each fund awarded with the Label ISR, we will disclose in the dedicated fund’s ESG Report the proportion of the portfolio invested in each Climate Color and the proportion of the companies without a transition plan aligned with the Paris Agreement under engagement.

## 3. Label Greenfin

### 3.1. Assessment of Green Bonds

At the date of this document, AXA IM only manages fixed income portfolio awarded with the Label Greenfin<sup>8</sup>. If these funds directly invest in bonds, they should invest at least 75% of their total assets under management in green bonds that are compliant for the Label Greenfin definition:

*Within the meaning of the Greenfin label, a green bond is defined as being issued by a company whose turnover contributing to the energy and ecological transition according to the taxonomy defined in Annex 1 is strictly greater than 50%, or as simultaneously meeting the following four criteria:*

- *The bond must comply with the Green Bond Principles (GBP) set out by the International Capital Market Association (ICMA);*
- *The bond must finance projects strictly falling under the classification set out in appendix 1 of Criteria guidelines;*
- *The obligation shall not finance any excluded activities (see appendix 2 of Criteria guidelines);*
- *The origin of the information used to answer the previous points*

AXA IM relies on its proprietary [Green, Social and Sustainability Bonds framework](#) to identify eligible bonds. Therefore, Green, Social or Sustainability Bonds qualifying for funds awarded Label Greenfin are those with a “Positive” or “Neutral” opinion provided by dedicated AXA IM ESG analysts.

---

<sup>8</sup> Label Greenfin Criteria guidelines, in French and in English, are available here: [Le label Greenfin | Ministère du Partenariat avec les territoires et de la Décentralisation Ministère de la Transition écologique, de l’Énergie, du Climat et de la Prévention des risques Ministère du Logement et de la Rénovation urbaine \(ecologie.gouv.fr\)](#)

For each green bond, our analysts identify the percentage of proceeds that will be allocated to projects that are aligned with AXA IM's green taxonomy and with the Label Greenfin Criteria guidelines, in addition to verifying that no excluded activities are included in issuer's framework and projects. This is done by analysing issuers' frameworks and reporting, and results in assigning a green share for green bonds.

The green share therefore corresponds to the framework planned allocation of proceeds aligned with Label Greenfin Criteria guidelines.

For the specific case of funds of funds, at least 90% of underlying funds must be awarded the Greenfin Label. For feeder funds, the master must be awarded the Greenfin Label.

### 3.2. Exclusions

When investing in non-green bonds, the Label Greenfin does not permit to invest in companies, projects or activities pertaining to the excluded sectors set out in [appendix 2 of the Label Greenfin Criteria guidelines](#). Controversial weapons and controversies exclusions apply to all companies irrespective of the type of bonds.

AXA IM builds the internal exclusion list using the approach and external data providers listed in the below table. The list is then reviewed qualitatively based on compliance with the Label Greenfin Criteria guidelines, and issuers may be added to and/or removed from the initial list. The final version of the exclusion list is then proposed, discussed, and validated within our RI governance committees on a regular basis, at least annually, unless a specific event requires an intermediate revision<sup>9</sup> or a delay in the publication of data requires to postpone the update. A parent company of a banned subsidiary may be exempted, if quantitative data indicates that activity-related revenues are immaterial to the group. In such case, the involved subsidiary will be banned.

The exclusion lists are prepared using information from external data providers, and although a qualitative review is performed, AXA IM is therefore not responsible for the accuracy of this data.

Activities	Criteria	Thresholds	Providers used
<b>Controversial weapons</b>	Issuers contravening the conventions on the prohibition of the use, storage, production and relocation of anti-personnel mines and their destruction (known as the 1997 Ottawa Convention) and concerning cluster munitions (known as the 2008 Oslo Convention) are excluded	0	ISS Ethix
<b>Controversies</b>	Exclusion of companies due to proven, serious and repeated controversies	NA	Sustainalytics
<b>Coal, Oil &amp; Gas</b>	Companies developing new projects for the exploration, extraction, transportation (of coal,	0	Urgewald

<sup>9</sup> Examples given: major newsflow. The list is not systematically updated following corporate actions.



	oil or gas), and refining of solid, liquid or gaseous fossil fuels, as well as new power generation capacity from solid, liquid or gaseous fossil fuels are excluded.		
<b>Fossil fuels</b>	Companies generating turnover from the following activities: - Exploration, extraction, refining and production of solid, liquid and gaseous fossil fuel products - The production of products derived from solid, liquid and gaseous fossil fuels. - Transport/distribution and storage of solid and liquid fossil fuels - Energy production as electricity and/or heat, heating and cooling from solid, liquid and gaseous fossil fuels - Supply of solid and liquid fossil fuels	>5%	Sustainalytics Trucost
<b>Fossil fuels and deforestation</b>	Companies generating turnover from the following activities : - Transport, distribution and storage of gaseous fuels - Supply services of gaseous fuels - Storage and landfill centres without GHG capture* - Incineration without energy recovery* - Energy efficiency for non-renewable energy sources and energy savings linked to optimising the extraction, transportation and production of electricity from fossil fuels* - Logging, unless managed in a sustainable fashion as defined in appendix 1 of the criteria guidelines, and peatland agriculture - The production, transport and distribution/sale of equipment and services to/from customers in strictly excluded sectors (as defined above)*	≥30%	Sustainalytics Trucost
<b>Tobacco</b>	Revenue derived from the production or distribution of tobacco, or products containing tobacco	>5%	Sustainalytics
<b>Tax</b>	Any issuer whose head office is located in a country or territory included in the latest available version of the EU list of countries and territories not cooperating on tax issues	NA	<a href="#">EU List of non-cooperative jurisdictions for tax purposes</a>

<b>Money laundering / Financing of terrorism</b>	Any issuer whose registered office is domiciled in a country or territory on the Financial Action Task Force (FATF) “ <i>blacklist</i> ” or “ <i>greylist</i> ”	NA	<a href="#">Financial Action Task Force (FATF)</a>
--	---	----	--

\* Those activities are not considered in the exclusion list due to absence of relevant data from external data providers.

- **To be noted:**

As mentioned in the introduction of this document, AXA IM RI policies are applied to all funds awarded with the Label Greenfin, on top of Label Greenfin Criteria guidelines.

- AXA IM already excludes controversial weapons as part of its RI top-level policies, covering Label Greenfin Criteria guidelines ([AXA IM controversial weapons policy](#));
- AXA IM Climate Risks policy already cover development of new coal mines as well as the development of new coal assets ([AXA IM Climate Risks policy](#));
- Similarly, exclusion of companies exposed to controversies are covered by AXA IM ESG standards, through the exclusion filters on International Norms and Standards and Severe Controversies ([AXA IM ESG standards policy](#)).

Therefore, to avoid duplication of information, those exclusions are not included in the Label Greenfin specific ban-list.

## 4. Towards Sustainability Quality Standard

### 4.1. Exclusions

Towards Sustainability Label exclusion criteria apply to all corporate assets (equities, bonds, and money market instruments) and sovereign debt assets that funds awarded with the Towards Sustainability Label invest in.

AXA IM builds the internal exclusion list using the approach and external data providers listed in the below tables. The list is then reviewed qualitatively based on compliance with the Towards Sustainability Quality Standard, and issuers may be added to and/or removed from the initial list. The final version of the exclusion list is then proposed, discussed, and validated within our RI governance committees on a regular basis, at least annually, unless a specific event requires an intermediate revision<sup>10</sup> or a delay in the publication of data requires to postpone the update. A parent company of a banned subsidiary may be exempted, if quantitative data indicates that activity-related revenues are immaterial to the group. In such case, the involved subsidiary will be banned.

The exclusion lists are prepared using information from external data providers, and although a qualitative review is performed, AXA IM is therefore not responsible for the accuracy of this data.

<sup>10</sup> Examples given: major newsflow. The list is not systematically updated following corporate actions.



**4.1.1. Exclusion criteria applicable to activities excluded by the Towards Sustainability Quality Standard<sup>11</sup> - Corporates**

Activities	Criteria	Thresholds	Providers used
<b>Weapons</b>	Max % revenue from illegal & controversial weapons	0	ISS Ethix
	Max % revenue from weapons-related activities: - the manufacture of (other) weapons or tailor-made components thereof - sale of weapons	5	Sustainalytics
	Max % revenue from bespoke products, equipment or services dedicated to enabling the execution of weapons-related activities	25	ISS Ethix Sustainalytics
<b>Tobacco</b>	Max % revenue from tobacco-related activities: - tobacco production, tobacco products or e-cigarettes - wholesale trading of tobacco products or e-cigarettes	5	Sustainalytics
	Max % revenue from bespoke products, equipment or services dedicated to enabling the execution of tobacco-related activities	25	Sustainalytics
<b>Coal</b>	Max % revenues from thermal coal-related activities: - Thermal coal prospecting or exploration - Extraction/mining of thermal coal - Processing of thermal coal - Transportation of thermal coal And max 10 Mt of thermal coal production	5 (10% for transportation)	Trucost Urgewald
	<b>OR,</b> Companies that do not have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi' Business Ambition for 1.5°C' commitment	NA	<a href="#">SBTi database</a>

<sup>11</sup> "Towards Sustainability Quality Standard" version of 2023, available here: [Quality Standard | Towards Sustainability](#)



	<b>AND,</b>	Companies that increase their absolute production of or capacity for thermal coal-related activities	NA	Trucost
	<b>AND,</b>	Companies that are involved in coal exploration, exploitation or development of new coal mines		Urgewald
		Max % revenue from bespoke products, equipment or services dedicated to enabling the execution of coal-related activities	25	Sustainalytics
		Max % revenues from unconventional oil & gas-related activities: - Unconventional oil and gas prospecting or exploration - Extraction of unconventional oil and gas	5	Sustainalytics
	<b>OR,</b>	Companies that do not have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi' Business Ambition for 1.5°C' commitment	NA	<a href="#">SBTi database</a>
<b>Unconventional oil &amp; gas supply</b>	<b>OR,</b>	Max % of unconventional oil and gas production on the total oil and gas production	5	Urgewald
	<b>AND,</b>	Companies that increase their absolute production of or capacity for unconventional oil & gas-related activities	NA	Urgewald
	<b>AND</b>	Companies that are involved in exploration, exploitation or development of new unconventional oil or gas fields	NA	Urgewald
		Max % revenue from bespoke products, equipment or services dedicated to enabling the execution of unconventional oil and gas-related activities	25	Sustainalytics
<b>Conventional oil &amp; gas</b>		Max % revenue based on oil & gas-related activities: - Oil or gas prospecting or exploration - Extraction of oil or gas	5	Trucost



	- Processing or refining of oil or gas (except oil to chemicals) - Transportation of oil (not distribution)		
<b>OR,</b>	Companies that do not have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi' Business Ambition for 1.5°C' commitment	NA	<a href="#">SBTi database</a>
<b>OR,</b>	Companies that have emission intensity not aligned with 1.5°C target	>55,75gCO2e/ MJ	<a href="#">TPI database</a>
<b>AND,</b>	Companies involved in exploration, exploitation or development of new oil or gas fields	NA	Urgewald
	Max % revenue from bespoke products, equipment or services dedicated to enabling the execution of conventional oil and gas-related activities	25	Sustainalytics
	Min % revenue derived from contributing activities <sup>12</sup>	50	Trucost
<b>OR,</b>	Max % revenues from generation of power or heat from non-renewable energy sources	5	Trucost
<b>OR,</b>	Companies that do not have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi' Business Ambition for 1.5°C' commitment	NA	<a href="#">SBTi database</a>
<b>OR,</b>	Companies that have a carbon intensity not aligned with 1.5°C target	>0,348tCO2e/ MWh	Bloomberg
<b>AND,</b>	Companies that are involved in building new-coal fired power stations	NA	Urgewald
<b>AND,</b>	Companies that structurally increase their absolute production of or capacity for coal-based power and is above 5GW	NA	Trucost Urgewald

**Power  
Generation**

<sup>12</sup> To identify contributing activities we rely on renewable energy including biomass power generation, geothermal power generation, hydroelectric power generation, solar power generation, wave generation and wind power generation.



	<b>Grandfathering for electric utilities</b> Electricity utilities with a carbon intensity lower <b>than the annual threshold</b> and that are not structurally increasing coal- or nuclear-based power generation capacity, are eligible	<b>2025:</b> 315gCO <sub>2</sub> /kWh	Trucost
<b>Normative screening</b>	The manager shall have in place procedures to monitor the alignment of investee companies with: <ul style="list-style-type: none"> <li>○ The UN Global compact</li> <li>○ The UN Guiding Principles on Business and Human Rights (UNGPs)</li> <li>○ The OECD Guidelines for Multinational Enterprises (as far as relevant)</li> <li>○ The International Labour Organisation (ILO) Conventions</li> </ul>	NA	Sustainalytics

• **To be noted:**

As mentioned in the introduction of this document, AXA IM RI policies are applied to all funds awarded with the Towards Sustainability Label, on top of Towards Sustainability QS.

- AXA IM already excludes controversial weapons as part of its RI top-level policies with similar criteria than Towards Sustainability QS ([AXA IM controversial weapons policy](#));
- AXA IM Climate Risks policy already cover development of new coal mines as well as the development of new coal assets ([AXA IM Climate Risks policy](#));
- As part of our AXA IM Tobacco policy, we already exclude all tobacco producers (>0% revenues, [AXA IM Tobacco policy](#));
- Similarly, violations of International norms and standards are covered by AXA IM ESG standards ([AXA IM ESG standards policy](#)).

Therefore, to avoid duplication of information, those exclusions are not included in the Towards Sustainability specific ban-list.

**4.1.2. Exclusion criteria applicable to countries excluded by the Towards Sustainability Quality Standard<sup>13</sup>**

<b>Instruments</b>	<b>Criteria</b>	<b>Thresholds</b>	<b>Providers used</b>
		<b>2023</b>	

<sup>13</sup> "Towards Sustainability u" version of the 30 June 2023, available here: <https://www.towardssustainability.be/en/quality-standard>



<b>All Sovereign Bonds</b>	The strength of the governance of a State is measured using the 6 Worldwide Governance Indicators (WGI), established by the World Bank:		
	<ol style="list-style-type: none"> <li>1. Voice and Accountability</li> <li>2. Political Stability and Absence of Violence/Terrorism</li> <li>3. Government Effectiveness</li> <li>4. Regulatory Quality</li> <li>5. Rule of Law</li> <li>6. Control of Corruption</li> </ol>		
	Min average score on all 6 WGIs	-0.59	<a href="#">World Bank</a>
	Min score on a single WGI	-1.00	<a href="#">World Bank</a>
<b>Sovereign bonds High Income countries only</b>	<b>States that have not ratified or have not implemented in equivalent national legislation:</b>		
	The eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work	NA	<a href="#">ILO</a>
	At least half of the 18 core International Human Rights Treaties	NA	<a href="#">OHCHR</a>
	<b>States which are not party to:</b>		
	The Paris Agreement	NA	<a href="#">UNTC for Paris Agreement</a>
	The UN Convention on Biological Diversity	NA	<a href="#">CBD for biodiversity</a>
	The Nuclear Non-Proliferation Treaty	NA	<a href="#">UNODA</a>
	States with particularly high military budgets (>4% GDP)	4	<a href="#">World Bank</a>
	States considered 'Jurisdictions with strategic AML/CFT deficiencies' by the FATF	NA	<a href="#">FATF</a>
	States with less than 40/100 on the Transparency International Corruption Perception Index	40	<a href="#">Transparency International</a>

States qualified as 'Not free' by the Freedom House 'Freedom in the World'-survey	NA	<a href="#">Freedom House</a>
State does not have the death penalty legal in use	NA	

AXA IM relies on the list shared by the Towards Sustainability Labelling Agency (CLA) to perform screening on Sovereign instruments.

#### 4.1.3. Approach in place for use-of-proceeds

The Technical Quality Standard proposes a specific approach for Use-of-proceeds instruments, which is detailed in the section on Use-of-Proceeds instruments Bonds of the document (criterion 4.3), as follows.

Use-of-proceeds instruments shall meet the following criteria:

*a) Use-of-proceeds instruments shall comply with an appropriate framework (e.g. ICMA/CBI/EU GBS/LMA) and be subject to independent external review. For some specific issuers, supranational institutions and agencies, this might not be possible. In that case, elaborate on equivalence (see c.).*

*b) Issuers and beneficiaries of use-of-proceeds instruments shall be subject to the ESG due diligence process of the product manager. The environmental, social and governance aspects of the financed programs/projects shall be taken into account when investing in use-of-proceeds instruments.*

*c) The evaluation of use-of-proceeds instruments issued by financial institutions, governments and supra-nationals is left to the discretion of the product manager.*

*Use-of-proceeds instruments issued by companies that fail the business criteria (c) of 3.4-3.7, can be eligible as long as the governance criterium (b) i) is met and particular attention is given in the ESG due diligence process to these companies' overall transition efforts*

*Use-of-proceeds instruments issued by sovereigns that fail the criteria of 2.1 can be eligible.*

These business criteria relate to Coal, Unconventional oil & gas, Conventional oil & gas and Power Generation sector policies of the Technical version of the Quality Standard<sup>14</sup>.

AXA IM relies on its proprietary [Green, Social and Sustainability Bonds framework](#) to identify eligible bonds. Therefore, Green, Social or Sustainability Bonds issued by Corporate or Sovereign issuers qualifying for funds awarded the Towards Sustainability Label are those with a "Positive" or "Neutral" opinion provided by dedicated AXA IM ESG analysts. Green, Social or Sustainability Bonds issued by issuers excluded based on the Towards Sustainability criteria for Coal, Unconventional oil & gas, Conventional oil & gas and/or Power generation are thus eligible for investment. Other bonds issued by these issuers will still be excluded.

<sup>14</sup> "Towards Sustainability Quality Standard" version of the 30 June 2023, available here: <https://www.towardssustainability.be/en/quality-standard>



## 4.2. AXA IM’s approach to other material ESG issues

Outside of the exclusion criteria mentioned above, AXA IM addresses other ESG issues considered as key according to section 4.9 of the technical Quality Standard through its stewardship activities and Q<sup>2</sup> ESG scoring framework. These activities are listed in the below table.

Activities	AXA IM
<b>Biodiversity</b>	<p>In June 2021, we extended our existing Palm Oil policy with a more comprehensive approach to <a href="#">Ecosystem Protection &amp; Deforestation</a>. In addition to exclude companies involved in unsustainable palm oil production, including land rights conflicts and illegal logging issues, we now ban companies which face significant land use controversies and are responsible for biodiversity loss in relation to soy, cattle and timber. We also reinforced our engagement approach with companies involved in those issues, to help change and improve practices.</p> <p>In 2023, our greatest efforts focused on companies implicated in the agrifood value chain – predominantly the food products sector but also consumer staples distribution and retail – as well as the chemical industry. The food and chemical industry figure among the top three industries with the highest potential negative biodiversity impact according to a recent multi-tool study. We engage, as a shareholder, individually where needed, and via coalitions wherever possible.</p> <p>On deforestation specifically, the global goal of our engagement activities is to accompany issuers identified as exposed to deforestation risks in setting up clear zero deforestation and natural ecosystems conversion-free goals by 2025 supported by concrete and effective actions.</p>
<b>Water use</b>	<p>As part of our biodiversity engagement programme, we engage with companies on water use issues, as well as water pollution and water quality. For example, we have identified that within the agri-food sector, the high level of animal waste produced by industrial farming annually can lead to nutrient and water pollution, posing significant risks to ecosystems.</p> <p>For its Q<sup>2</sup> proprietary scoring methodology, AXA IM mainly rely on MSCI ESG Scores within which Water Stress is identified as a Key Issue under the Natural Capital pillar.</p>
<b>Pollution &amp; Waste</b>	<p>At AXA IM, we conduct research and stewardship activities in a number of ESG issues including pollution and waste.</p> <p>In 2022, AXA IM joined FAIRR collaborative engagement on biodiversity, focused on waste and pollution. aims to drive pork and poultry producers to conduct meaningful risk assessments around animal waste and put in place action plans to reduce their corresponding impact on biodiversity. We participated in several company engagements in 2023. We also joined the Investor Initiative on Hazardous Chemicals supported by ChemSec with the</p>



---

	<p>objective to engage with companies on the management of hazardous substances.</p> <p>For its Q<sup>2</sup> proprietary scoring methodology, AXA IM mainly rely on MSCI ESG Scores. For Corporate, waste and pollution key performance indicators from MSCI is focusing on electronic waste, packing materials and waste, toxic emissions and waste. The weight of these indicators depends on their materiality for each sector.</p>
<b>Gender &amp; Diversity</b>	<p>We believe gender diversity is a key factor in achieving and maintaining a healthy and efficient working environment. We believe it can boost the emergence of talent, the generation of innovative ideas and business performance overall. This means that appropriate gender representation could potentially drive better corporate performance for companies, as well as shareholders, and encourage to improved leadership and governance. To progress on this target, we rely on our voting and engagement activities.</p> <ul style="list-style-type: none"><li>- Since 2021 AXA IM target listed companies in developed market economies where at least one-third of the Board of Directors is not gender diverse. AXA IM has and will continue to push all companies, in both developed and emerging markets, to disclose and report against their executive committee gender diversity policy and targets.</li><li>- In 2022, we have continued to reinforce our engagement activities around gender diversity, partnering with our industry peers to push for progress. In line with our ambitions and the objective of increasing collaboration we helped create the 30% Club France Investor Group, calling other asset managers to join us while encouraging large French companies to commit to promoting gender diversity at a senior level.</li><li>- In 2023 we pursued engagement activities with French and Asian companies.</li></ul> <p>The goal is for companies to appoint women to at least 30% of executive committee seats by 2025, compared to just 21% in 2020. Since its launch we have continued to collaborate as part of the group as an active member. In 2022, AXA IM Japan joined the 30% Club Japan Investor Group aiming to work collectively with other investors to accompany Japanese companies in integrating the diversity and gender equality matter within their strategies</p>
<b>Taxation</b>	<p>AXA IM has developed its own model to identify highly reputation risky countries. The objective is to limit the reputational or headline risk in order to avoid negative perceptions associated with the financing of countries which are strongly in violation of human rights and show clear governance dysfunctions such as promoting corruption or criminal fraud, money laundering or tax havens.</p>
<b>Oppressive regimes (government and company level)</b>	<p>AXA IM applies a ban on some countries submitted to international sanctions.</p> <p>In addition, AXA IM has developed its own model to identify highly reputation risky countries. The objective is to limit the reputational or headline risk in order to avoid negative perceptions associated with the financing of countries which are strongly in violation of human rights and</p>

---



---

	show clear governance dysfunctions such as promoting corruption or criminal fraud, money laundering or tax havens.
<b>Death penalty</b>	AXA IM wants to promote countries that respect human rights and civil liberties. AXA IM's Q <sup>2</sup> ESG Scoring methodology on sovereign relying on MSCI ESG Score includes key issues on stability and peace, corruption control, political rights and civil liberties. This model is used by Fixed Income Portfolio Manager to assess the situation of each country in the quarterly country review process.
<b>Forward contracts on agricultural commodities</b>	Since 2015, AXA IM has implemented a <a href="#">Soft Commodities policy</a> to exclude from its investments derivatives on soft commodities, including ETF.

---

## 5. Implementation

When exclusions required by the Sustainable Labels overlap with our AXA IM RI exclusion policies, the strictest rule applies.

The Policy is implemented, taking into account local regulation and both the client's as well as the fund's best interests, with a transition period following the initial implementation for the funds / mandates in scope, and following periodic revisions of the exclusion-lists. If the application of these standards dictates divestments, portfolio managers shall disinvest at their discretion within this transition period taking into account the portfolio impacts based on market conditions, liquidity and portfolio construction constraints. The transition period should not exceed three months.

## 6. Appendix

Below are listed the funds awarded with the labels, at the date of the document.

### 6.1. Scope of funds awarded with the Label ISR

The list of AXA IM open-ended products awarded with the ISR Label is available on the following website: [Liste des fonds labellisés - Label ISR](#)

### 6.2. Scope of funds awarded with the Greenfin Label

The list of AXA IM open-ended products awarded with the Greenfin Label is available on the following website: [Le label Greenfin | Ministères Aménagement du territoire Transition écologique](#)

### 6.3. Scope of funds awarded with the Towards Sustainability Label

The list of AXA IM products awarded with the TS Label is available on the following website: [Products | Towards Sustainability](#)

### 6.4. ESG Key Performance Indicators methodologies

**Carbon Intensity:** Environmental KPI provided by Trucost S&P. The amount of carbon dioxide released into the atmosphere per million\$ of revenue. It is expressed in CO<sub>2</sub> tons per millions revenue.

**Carbon Scope 1:** Environmental KPI provided by Trucost S&P. Greenhouse gas emissions generated from burning fossil fuel and production processes which are owned or controlled by the company (reference: GHG Protocol).

**Carbon Scope 2:** Environmental KPI provided by Trucost S&P. Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company (reference: GHG Protocol).

**Carbon Scope 3:** Environmental KPI provided by Trucost S&P. Scope 3 emissions are defined as all other indirect emissions (not included in scope 2) that are generated throughout a company's value chain and can often be the largest source of emissions for companies. Scope 3 emissions are the upstream and downstream activities of a company. Upstream emissions are associated with purchased or acquired goods and services, while downstream emissions are associated with the use of sold goods and services. Trucost considers all upstream and downstream scope 3 categories as outlined by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

**Eligible Green Share of Revenues:** Bespoke Environmental KPI derived from Trucost S&P. It represents the revenues exposure to specific green business lines from a subset of activities deemed as eligible by the EU Taxonomy. The KPI reported is calculated as described in the standard methodology section.

**GHG Intensity:** The Greenhouse gas (GHG) emissions intensity corresponds to the carbon emissions of a company normalized for size by dividing annual carbon emissions by Enterprise Value Including Cash (EVIC – in millions of euros). The KPI is weighted. The GHG Emissions are provided by Trucost S&P and the KPI is computed internally.

**Renewable energy production:** 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.

**Tons of CO<sub>2</sub> emissions avoided:** Environmental KPI provided by Carbone4. This metric is the carbon emission reduction (per year) divided by the AUM of the fund.

**Water Intensity:** 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, salt water, and municipal. Includes cooling water. It is expressed in cubic meters.

**Women on Board:** Governance KPI provided by Bloomberg for Corporates. Asset weighted percentage of male board members at the companies held in portfolio.