Sustainability Disclosure Reporting | 2025-01-23

This document provides disclosure requirements according to Article 10 of Regulation (EU) 2019/2088, for the financial products referred to in Article 9 of the Regulation

Product name: AXA World Fund II European Equities

Legal entity identifier: 213800W9JWCI89NJY177

Summary

Financial Product's Sustainable objective

The Financial Product is a feeder of AXA WORLD FUNDS ACT Europe Equity ("the Master").

Indirectly, through its investments into the Master, the Financial Product seeks a Sustainable Investment objective to advance the United Nations Sustainable Development Goals (SDGs) by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs.

Indirectly, through its investments into the Master, the Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. UN Sustainable Development Goals alignment (SDG) of investee companies as reference framework, considering companies which contribute positively to at least one SDG either through the Products and Services they offer or the way they carry their activities ("Operations"). To be considered as a sustainable asset, a company must satisfy the following criteria:

a. the SDG scoring related to the "products and services" offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or

b. using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity, the SDG scoring of the issuer's operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer's Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer's "Operations" is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager. The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. Integration of issuers engaged in a solid Transition Pathway consistently with the European Commission's ambition to help fund the transition to a 1.5°c world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

No ESG reference benchmark has been designated for the purpose of attaining the sustainable investment objective promoted by this Financial Product and its Master. A broad market index, MSCI Europe Total Return Net (the "Benchmark"), has been designated by the Financial Product and its Master.

Through its investment in the Master, the initial investment universe of the Financial Product will be defined as composed of equities of companies of all sizes domiciled in Europe (with the exception of bonds and other debts securities issued by public issues, cash held on an ancillary basis and solidarity assets (the **"Investment Universe"**).

AXA IM considers that an investment "significantly harms" sustainability factors if the investee company:

- falls within the AXA IM ban-lists, or
- receives a low ESG score according to AXA IM's ESG scoring methodology, or
- has a significantly negative score on any of the UN SDGs

AXA IM also applies specific policy to ensure good governance practices of investee companies.

Asset allocation planned for the Financial Product

The Financial Product acts as a feeder AXA World Funds ACT Europe Equity.

Indirectly, through its investments into the Master, the Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product, through its investments into the Master, used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Master's Net Asset Value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Master's Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

Financial Product's investment strategy

The Financial Product acts as a feeder of AXA WORLD FUNDS – ACT Europe Equity.

The objective of the Financial Product is to permanently invest at least 85% of its assets in the Master, thus the Financial Product follows the same investment strategy as its Master.

Indirectly, through its investments into the Master, the Investment Manager seeks, in line with the sustainable investment objective described above, to invest in equities of companies listed or domiciled in Europe which address the United Nations Sustainable Development Goals (SDGs) in their environmental and social dimension, i.e. SDG 1 - No Poverty, SDG 2 - Zero Hunger, SDG 3 - Good Health and Well-Being, SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 6 - Clean Water and Sanitation, SDG 7 - Affordable and Clean Energy, SDG 8 - Decent Work and Economic Growth, SDG 9 - Industry, Innovation and Infrastructure, SDG 10 - Reduced Inequality, SDG 11 - Sustainable Cities and Communities, SDG 12 - Responsible Consumption and Production, SDG 13 - Climate Action, SDG 14 - Life Below Water, SDG 15 - Life on Land, SDG 16 - Peace and Justice, Strong Institutions.

In addition, through its investments into the Master, the Investment Manager applies the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies

Until 27 December 2024, the following applies:

The Financial Product, through its investments into the Master, is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below. The Master bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non-financial criteria which consists of selecting best issuers in the investable universe composed of equities of companies listed or domiciled in Europe, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 20% worst values of the investment universe (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets), using a combination of external and internal SDGs alignment data.

As from 27 December 2024, the following applies:

The Financial Product, through its investments into the Master, is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below. The Master bindingly adopts at all times an environmentally and socially responsible investment "Best-in-Universe" selectivity approach taking into account non-financial criteria which consists of selecting best issuers in the Investment Universe, based on their contribution to the SDGs. This selectivity approach consists in removing at least the 30% worst values of the Investment Universe (with the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets), using a combination of the sustainability-related exclusions applicable to the Financial Product, notably described above, and their SDG Overall Score.

The Financial Product acts as a feeder of AXA World Funds ACT Europe Equity.

Through its investments in the Master, the Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements of the Master's investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by the Master, as described below.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: [Policies and reports | AXA IM Corporate (axa-im.com)].

Until 27 December 2024, the following applies:

2. In addition, the Master applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe of the Master at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their SDGs Score to the exception of cash held on an ancillary basis and solidarity assets.

As from 27 December 2024, the following applies:

2. In addition, the Master applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing the 20% worst values of the Investment Universe, as defined above, of the Master based on a combination of the sustainability-related exclusions applicable to the Master, notably described above, and their SDG Overall Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

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AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored on an ongoing basis to make sure that the most material risks are reflected in the final ESG score. The controversies with high severity will trigger large penalties on the sub-factor scores and ultimately on the ESG scores.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product.

AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: Sustainability Policies and Reports | AXA IM Corporate (axa-im.com).

The Master can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

<u>Until 27 December 2024, the following applies:</u>

4. The following minimum coverage rates apply with the Master (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

<u>As from 27 December 2024, the following applies:</u>

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

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Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

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

More details and information are presented in the Financial Product's website disclosures and in its SFDR precontractual annex notably on AXA IM's SFDR sustainability framework, minimum asset allocation planned by the Financial Product, monitoring of environmental or social characteristics promoted, underlying data and due diligence.

No significant harm to the sustainable investment objective

Indirectly, through its investments into the Master, the Financial Product doesn't invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

Indirectly, through its investments into the Master, the application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along any of the SDGs when one of its SDG scores is below –5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to "significantly contributing" to -10 corresponding to "significantly obstructing", unless the quantitative score has been qualitatively overridden. This criterion is applied on the investee companies that are considered as sustainable.
- The issuer is in AXA IM's sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This criterion is applied on the entire portfolio.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across Environment, Social and Governance (ESG) dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body. This criterion is applied on the entire portfolio.

Indicators for principal adverse impacts on sustainability factors are considered, including through the application of AXA IM's exclusion and stewardship policies.
Indirectly, through its investments into the Master, the Financial Product takes into consideration Principal Adverse Impacts ("PAIs") indicators to ensure that the sustainable investments are not significantly harming any other sustainability objectives under SFDR.
Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards (as described below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring. No specific threshold or comparison with reference value have been defined within the DNSH approach.
Where relevant, Stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Master 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 Master invests and mitigate adverse impacts.

Exclusion Policies:

- **Environmental:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon Footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to Companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption)[1]	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

[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.

- **Social and Governance:**

Relevant AXA IM policies	PAI indicator
ESG standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards)[2]	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board Gender diversity
Controversial weapons policy	PAI 14: Exposure to controversial weapons

Filter based on UN SDGs:

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 (Except for GSSBs (Green, Social or Sustainability Bonds)).

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 "Gender equality", SDGs 6 "Clean water and sanitation", SDG 8 "Economic growth", SDG 10 "Reduced inequalities", SDG 12 "Responsible production and consumption" and SDG 14 "Life below water") and AXA IM's framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

Sustainable investment objective of the financial product

Investment strategy

The Financial Product acts as a feeder of AXA World Funds ACT Europe Equity.

Through its investments in the Master, the Financial Product bindingly invests at least 80% in Sustainable assets as defined by the application of the AXA IM sustainable investment framework based on the methodology which relies either on the contribution to the UN Sustainable Development Goals or on the fact that the investee company has defined Science-based targets which have been certified by the organization. In addition, the Financial Product bindingly applies at all times the following elements of the Master's investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by the Master, as described below.

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies. Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation and Tobacco. The ESG Standards encompass specific exclusion on white phosphorus weapons and exclude investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available under the following link: Policies and reports | AXA IM Corporate (axa-im.com).

Until 27 December 2024, the following applies:

[2] The 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.

2. In addition, the Master applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach reduces the Investment Universe of the Master at least by 20% based on a combination of AXA IM's Sectorial Exclusion and ESG Standards policies and their SDGs Score to the exception of cash held on an ancillary basis and solidarity assets.

As from 27 December 2024, the following applies:

2. In addition, the Master applies a Best-in-Universe selectivity approach on its Investment Universe that is bindingly applied at all times. This ESG selection approach consists in giving a priority to the issuers best rated from a non-financial viewpoint, irrespective of their sector of activity, and accepting sector biases, because the sectors which are considered more virtuous on the whole will be more heavily represented. The selectivity approach consists of removing the 20% worst values of the Investment Universe, as defined above, of the Master based on a combination of the sustainability-related exclusions applicable to the Master, notably described above, and their SDG Overall Score to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets.

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AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behaviour. The final ESG score also incorporates the concept of industry dependant factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored on an ongoing basis to make sure that the most material risks are reflected in the final ESG score. The controversies with high severity will trigger large penalties on the sub-factor scores and ultimately on the ESG scores.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors and enable to promote the sustainable investment objective of the Financial Product.

AXA IM's ESG scoring methodology is further described on dedicated methodological document available on our website: Sustainability Policies and Reports | AXA IM Corporate (axa-im.com).

The Master can invest up to 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets, in securities outside the investment universe, as defined above, and on the condition that the issuer is eligible based on the selectivity criteria.

3. In addition, the investment strategy outperforms its Benchmark on at least two ESG Key Performance Indicator that are Carbon Intensity and Women on Board at all times.

Until 27 December 2024, the following applies:

4. The following minimum coverage rates apply with the Master (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

As from 27 December 2024, the following applies:

4. The following minimum coverage rates apply with the Financial Product portfolio (expressed as a minimum percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 80% for the Carbon Intensity indicator and iii) 55% for the Women on Board indicator. The threshold will be increased to 90% for KPI 1 and 60% for KPI 2, by December 31th, 2026.

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Where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the NAV of the Financial Product, such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

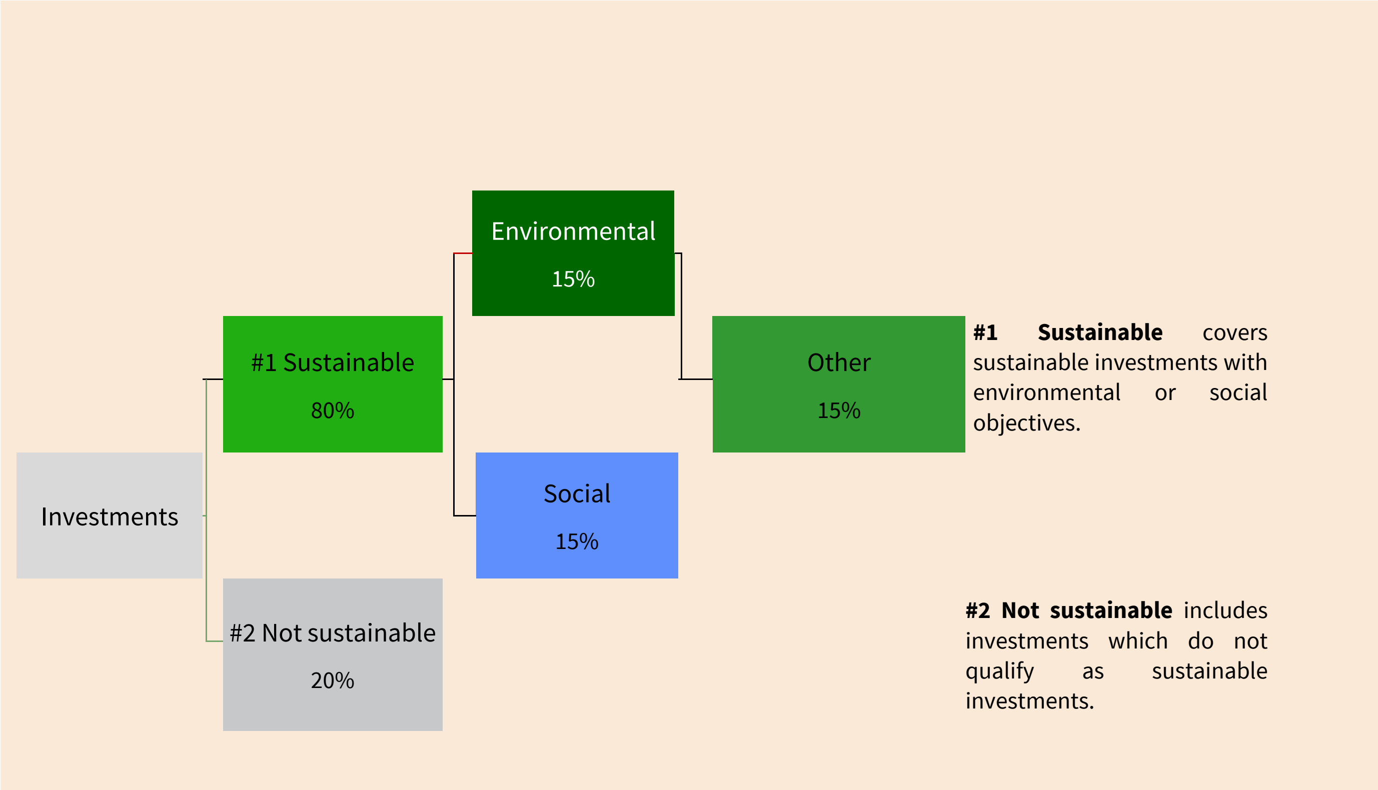
The ESG data (of which ESG score or SDG score wherever relevant) that are used in the investment process are based on methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of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

The Financial Product acts as a feeder of AXA World Funds ACT Europe Equity.

Indirectly, through its investments into the Master, the Financial Product is not exposed to companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on Human Rights, Society, Labour and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non-compliant" to UN's Global Compact Principles, International Labour Organisation's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.

Proportion of investments



The Financial Product acts as a feeder AXA World Funds ACT Europe Equity.
Indirectly, through its investments into the Master, the Financial Product aims to plan its assets' allocation as presented in the graph above. This planned asset allocation might deviate on a temporary basis.
The planned minimum proportion of the investments of the Financial Product, through its investments into the Master, used to meet the sustainable investment objective in accordance with the binding elements of the investment strategy is 80% of the Master's Net Asset Value.
The remaining "Not Sustainable" investments will represent a maximum of 20% of the Master's Net Asset Value. Remaining "Not Sustainable" investments are used for hedging, liquidity and efficient portfolio management of the Financial Product. Minimum environmental and social safeguards based on AXA IM exclusion policies are assessed and applied to all "Other" not sustainable assets.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Master's 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 Master.

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.

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

The Financial Product acts as a feeder of AXA World Funds ACT Europe Equity.
The Financial Product and its Master are not taking into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the "do not significantly harm" criteria of the EU Taxonomy.
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[3]?

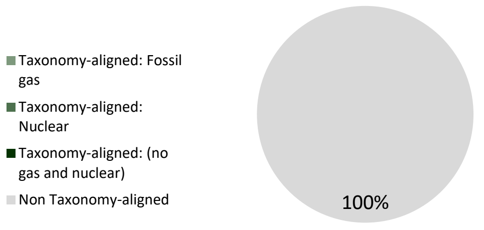
☐ Yes

☐ In fossil gas ☐ In nuclear energy

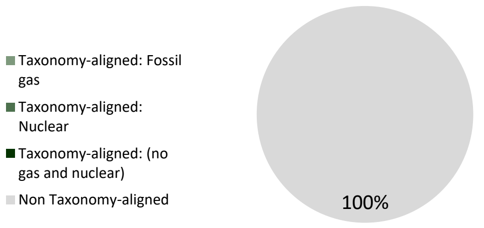
☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



This graph represents 100% of the total investments

** For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures.*

Monitoring of the sustainable investment objective

The selectivity approach applied by the Financial Product based on Best-in-Universe is reflected in AXA IM monitoring tools and is monitored at all times by AXA IM Risk and Control team.

The Financial Product is investing in assets considered as sustainable under SFDR meeting the criteria defined by AXA IM and detailed above. AXA IM Risk and Control team monitors at all times the commitment of the Financial Product to invest a minimum proportion of its Net Asset Value in assets considered as sustainable under AXA IM SFDR framework.

Methodologies

The Financial Product indirectly uses the same sustainability indicators as its Master.

For the record, the attainment of the sustainable investment objective promoted by the Master and described above is measured with the following sustainability indicators:

- The sustainability indicator is Carbon Intensity measured on the Master's assets and on the Benchmark, defined as the amount of GHG emissions (covering at least scope 1 and 2) per tons per millions $ revenue released into the atmosphere, expressed in CO_2e tons per millions $ revenue.

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- The sustainability indicator is Women on Board defined as the percentage of female board members at the investee companies held in the Master and of the Benchmark. This indicator is provided by an external data provider.

The Master outperforms its Benchmark, on these sustainability indicators in order to promote the sustainable investment objective described above.

Data sources and processing

The Carbon Intensity sustainability indicator is relying on an external data provider Trucost. These data are updated on an annual basis. The proportion of data that are estimated is considered as being in the high range.

The Women on Board sustainability indicator is relying on an external data provider Bloomberg. These data are updated on a monthly basis. The proportion of data that are estimated is considered as being in the low range.

AXA IM sustainable investment framework is relying on an external data provider with regards to the assessment of corporate issuers' contribution to UN SDG (currently ISS Oekom). This data is updated on a bi-annual basis. The proportion of data that are estimated is considered as being in the high range.

AXA IM may change third party data providers at any time and at its own discretion and this may lead to changes to the data used for the same instruments or investments in the future.

AXA IM has been working with ESG data providers for several years and performs a due diligence on the methodology and outputs when selecting them. To make the best possible choices, the strengths and weaknesses of each data provider were reviewed and compared to determine factors such as coverage, data quality, alignment with sustainability-related regulations, calculation methodologies and level of transparency on these methodologies, update frequency and cost. When selected, AXA IM also performs regular checks on such external data providers.

Regarding ESG scores and Sustainable Investment methodology in particular, each refresh of data is subject to a review as per our internal governance with an involvement from the risk department, quantitative experts and investment teams.

Data is received generally from automated data feeds. Values are cascaded to relevant associated issuers or securities and is then processed to aggregate instrument level data at portfolio level. Appropriate controls on aggregation are performed by quant analysts. Data is stored in AXA IM data management system and is made available to various teams (mainly quant analysts, investment teams, risk and control). Investment teams have access to ESG data of which related to sustainability indicators and sustainable assets through AXA IM Front Office tools.

More information on data providers, measures and any relevant governance bodies taken to ensure data quality and governance on data is available in AXA IM Climate report at the following link: 2021 Article 173 – TCFD combined report.

Limitations to methodologies and data

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.

AXA IM relies largely on third-party data providers on ESG related data. Ultimately, data coming from either the issuers' reporting or external providers might not be equally calculated due to different measurement methodologies or an embedded risk of error. AXA IM may also change third party data providers at any time and at its own discretion and this may lead to changes and hence limitations to the data used for the same instruments or investments.

However, AXA IM conducts some due diligences on data or methodologies that could prevent any limitations in the attainment of the Financial Product's sustainable investment objective.

Due diligence

AXA IM sectorial exclusion policies encompass areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. AXA IM's Environmental, Social and Governance standards policy ("ESG Standards") integrates specific sectorial exclusions such as tobacco and white phosphorus weapons, includes violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises and excludes investment companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality. Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available at Our Sustainability policies and reports.

AXA IM's exclusion policies and ESG standards are reviewed annually by our Compliance and RI Coordination teams and updated accordingly. Based on these policies and standards, our responsible Investment Research team draws up ban lists which are then implemented into our systems to be monitored. The fund's other extra-financial commitments are also implemented through our monitoring tool which take into account other regulations and extra-financial guidelines (such as, but not limited to, Label guidelines). The parameters used for the monitoring are reviewed by our Compliance team before being implemented into our monitoring tools. These due diligence processes' implementation and monitoring are controlled internally by our Compliance team to ensure compliance with applicable regulatory norms.

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.

More details on AXA IM Stewardship policies are available at AXA Investment Managers - Engagement Policy and AXA IM last stewardship report is available at Stewardship and Engagement.

Attainment of the sustainable investment objective

Not applicable as the designated Benchmark of the Master is a broad market index which is not aligned with the environmental and/or social characteristics promoted by the Financial Product and its Master.