AXA Investment Managers

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AXA IM Stewardship Report 2024

Contents

Investing sustainably - and profitably - in the new world

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Shifting sentiment around sustainable investing has become increasingly apparent. While the most noticeable changes are unfolding in the United States (U.S.), signs of skepticism are also emerging in parts of Europe. This shift is most evident in the growing embrace of a narrowly defined interpretation of fiduciary duty — one that presumes a fundamental conflict between integrating environmental, social, and governance (ESG) factors and the pursuit of financial returns.

Our perspective challenges this assumption.
We see no inherent contradiction between fiduciary duty and the integration of ESG considerations into investment strategies. On the contrary, compelling evidence demonstrates that ESG frameworks enhance decision-making and drive superior financial performance over the medium- to long-term.

From a practical standpoint, investing in companies with strong ESG credentials protects clients in two ways. First, it positions them within companies leading the transition toward a more sustainable economy — a shift that remains underway regardless of political signals. Second, it mitigates the risk of stranded assets, shielding portfolios from industries unlikely to survive in a net-zero future.

Navigating a Shifting Landscape

While the current political and economic environment cannot be ignored, history provides a sense of perspective.

As an asset manager, we remain committed to a long-term investment strategy that transcends political cycles. The trajectory of U.S.' carbon emissions over the past 10 to 15 years has followed a broadly linear decline, independent of the political climate in Washington. This underscores the structural nature of the transition, which is driven more by technological and economic imperatives than politics.

Other aspects of ESG, though, are becoming more complex. The pullback on Diversity, Equity, and Inclusion (DEI) initiatives has emerged at a time when, in our view, these have proved their value. Leaving aside the moral aspect, workforce diversity is simply good for business.

Diverse leadership, for instance, fosters innovation, attracts top-tier talent, and strengthens decision-making — all of which underpin long-term outperformance. For this reason, diversity will remain central to our stewardship efforts. A rigorous governance framework, robust stewardship policies, and active engagement with portfolio companies will continue to reinforce our ambition to remain an advanced player in responsible investing.

The Paradox of the Present Moment

There is an inherent paradox in the current environment: growing hesitation toward sustainable investing comes just as the economic consequences of global warming become increasingly clear. The frequency and severity of extreme weather events are at unprecedented levels, imposing escalating costs on communities and businesses alike.

Public support for decarbonisation will likely increase as people witness and experience the consequences of climate inaction. The devastating wildfires in Los Angeles offered a stark reminder of the risks of failure to act. Yet less visible threats are also proliferating. As global warming continues, the geographical reach of tropical diseases, including mosquito-borne illnesses, is expanding — a development with immediate consequences for public health and economic stability.

We must recognise that the idea of dealing with climate change can be difficult for people to navigate psychologically. Some remain in the 'denial' phase, eschewing the mounting evidence. Others are already at the 'acceptance' stage, fully cognisant of the realities. Many sit somewhere in between, but at some point, we expect acceptance to be widespread - and it is in Europe that this is perhaps most clearly manifested in regulation.

Europe has led the way in sustainability regulation, yet the European Commission's recent proposal to simplify sustainability reporting underscores the need for greater clarity and coherence. The proliferation of sustainable finance policies across jurisdictions has led to complexity and, at times, confusion.

While we welcome efforts to streamline these requirements, simplification should not become an excuse for dilution. Enhancing the utility and relevance of reported data should remain a priority, ensuring that regulatory clarity translates into more informed decision-making.

A Path Forward

Ultimately, we believe that companies will not view these proposals as a form of deregulation. The core commitments to sustainability remain intact. It is possible to reconcile a robust and fluid legal environment with an appropriate regulatory environment and decarbonisation. Making sure investors can continue to play their role through portfolio allocation and stewardship, including by working with investee companies, will be essential for us.

Consistency, clarity, and transparency will continue to guide our approach and help us shape the solutions which best address the investment and sustainability objectives of our clients across a broad offering of asset classes. We will continue to prioritise measurable outcomes and robust governance, ensuring that sustainability considerations are a means to enhance long-term value, for the benefit of our clients, our employees, and the broader economy.

Our approach: robustness and clarity in a changing landscape

Clémence Humeau
AXA IM Head of Sustainability Coordination and Governance

2024 was marked by a fast-changing geopolitical landscape, highlighting even more clearly the relevance of the potential link between ESG risks and the financial performance of companies over time, with key sustainability challenges becoming more and more intertwined. We remained committed to delivering on our responsible investment strategy and associated targets, with the objective of supporting the needs of our clients being our top priority.

Being fully complementary to the analysis of how the companies we invest in and partners we work with analyse and integrate ESG risks and opportunities in their strategy and operations, stewardship has been a key pillar and lever of our approach to responsible investment for several years. By emphasising direct dialogue with companies on sustainability and governance issues that have a material impact on long-term financial performance, and in selected cases going even further to understand companies' wider impact on people and planet, we are consistent with our fiduciary duty and our commitment to support investee companies in their adoption of robust ESG practices and therefore their financial performance over the long-term.

Our Stewardship report aims to provide clarity on our approach to engagement and voting across different asset classes, which continues to rely on robust and clear policies as well as on a sound governance. It also provides multiple practical examples of how these commitment and policies were implemented throughout 2024 when engaging with companies across geographies, leveraging in many cases the expertise of our sustainability experts combined with the knowledge and close relationship established between portfolio managers and investee companies to support change. Making sure our votes at AGMs were informed by our engagement activities and continuing to integrate ESG considerations in them by looking at lobbying practices of investee companies in material sectors was another key priority. An illustration of the relevance of our framework is the increase in the number of engagements where we have seen progress achieved (29% of all engagements with objectives in 2024).

Beyond listed markets, we also continued to look for ways to leverage and spread best practices in asset classes which have been less mature on stewardship in the past, such as AXA IM Prime and AXA IM Select. The engagement approach is adapted to the specificities of their asset classes, with the conviction that we can play a more systematic role by engaging our investment partners.

Lastly, conscious of the heterogeneity in the frameworks and approaches on stewardship that can make it difficult to understand and compare, we've continued to reinforce our disclosures by providing detailed rationales on our votes on shareholder proposals, enhancing our engagement report at fund-level with case studies, and including new metrics and even more practical examples in our stewardship report. We believe transparency remains essential to allow different stakeholders, from investee companies to our end-clients, to understand the philosophy of our approach to stewardship and implementation process, as well as their consistency with our DNA as an active asset manager aligned with the needs of our clients.

Key figures in 2024

69%
Share of AXA IM assets under management classified as SFDR Article 8 or 9 funds[a]

550 engagements | **426** issuers
Number of engagements and companies engaged

47
Number of open funds with a sustainable label

32%
Share of engagement progress and success milestones

77
Number of RI-dedicated experts[b]

4718 AGMs voted[d] | **60%** AGMs with at least one vote against management

35%
Share of engagements conducted at Board or C-suite level

3
Number of filed E & S shareholder resolutions[c]

51 787 resolutions | **15%** resolutions voted against

[a] Non-audited figures. The classification under SFDR may be subject to adjustments and amendments, since SFDR has come into force only recently and certain aspects of SFDR may be subject to new and/or different interpretations than those existing at the date of this document release. AXA IM reserves the right, in accordance with and within the limits of applicable regulations and of the Funds legal documentation, to amend the classification of the Funds from time to time to reflect changes in market practices, its own interpretations, SFDR-related laws or regulations or currently applicable delegated regulations, communications from national or European authorities, or court decisions clarifying SFDR interpretations. Investors are reminded that they should not base their investment decisions on the information presented under SFDR only.

[b] This number excludes people in support and in CSR functions, as well as people in temporary or part-time ones.

[c] Of which two withdrawn after formal commitments from the companies to work on the issues raised during engagements with them.

[d] Covering investment products in scope of AXA IM's Corporate Governance & Voting policy.

Research thematics and engagement in 2024

Virginie Derue
AXA IM Head of RI Research

Early last year, we argued that 2024 was set to see a focus on transition rather than a pure net-zero goal, with a shift to a more holistic approach of sustainability. This was reinforced in our research and engagements with corporates, and despite the geopolitical backdrop creating a lot of noise and challenges, overall we did not feel it has hindered our engagement with companies, at least at this stage.

Our adjustment to sectoral realities, whether technological, data-related or social, our scrutiny on short-term action, preferring concrete measures and milestones to unrealistic targets, did in our view contribute to this trend. Discussing challenges, thinking big picture, and connecting the dots with infrastructure considerations in the field of climate - as highlighted in our research papers[1] - supported corporates' receptiveness and acknowledgement of issues to be tackled. We more than welcome the increasing investor focus on human rights, and note it easily extends to nature and biodiversity - all of which is, of course, very positive.

Accompanying the transition remained our key principle, trying to embark corporates across sustainability themes, with further work carried out on the Just Transition initiative, and of course on nature. On this latter front, we continued our involvement in industry initiatives such as Finance for Biodiversity and Nature Action 100 (NA100), shared knowledge on metrics, liaised with our partner Iceberg DataLab to better understand methodologies, and shared views on what could be enhanced- which were instrumental in informing our engagements, raising awareness, and promoting action. The Task force on Nature-related Financial Disclosure (TNFD) pilot that was carried out on our behalf by ICARE by BearingPoint in the agrifood and autos sectors was instrumental in digging into dependencies, risk identification and assessment, and paved the way for further work to be done in this field. We do not deny the limitations that apply to data and metrics, but this kind of pilot is precisely what is needed to contribute to their gradual enhancement, ultimately paving the way for investment-related decision making and a shift in corporate behaviour.

There is no doubt that monitoring progress and maintaining investor pressure will remain essential going forward. Alongside voting, it demonstrates investors' pressure and determination to drive change, starting at board level. Our close collaboration with the corporate governance team on such matters enabled us to integrate them in our assessment of companies' governance.

In the report, we detail our convictions and highlight some topical case studies that dig into how we engage with companies, what we look at, ask, and share to feed progress.

Beyond feeding engagement, our research papers -detailed page 120- include a more forward-looking view, trying to anticipate risks and move the needle. Health issues driven by increased temperatures and ocean risks are part of this prospective view, and while 2025 will face renewed challenges, starting with geopolitics and political tensions in a number of geographies including Europe, we believe that the evidence of increasing climate-related financial and social risks will support further efforts on the ground to take effective measures and act.

[1] Exhaustive list of our research papers is provided in in Appendix V.

Protecting our shared interests

Governance

At AXA IM, our purpose is to act for human progress by investing for what matters. Responsible allocation and oversight of capital is therefore a key pillar of our corporate purpose. By considering sustainability factors throughout the investment process, we aim to create sustainable investment outcomes for our clients, which could in turn lead to broader societal and economic benefits over the long term.

An important way to achieve this involves investor engagement, which can be defined as a process based on constructive dialogue where investors seek to influence investee companies' practices with the aim of preserving or enhancing long-term value on behalf of their beneficiaries. Investor engagement also enables a better understanding of companies' management of sustainability risks, contributing to a more comprehensive assessment of the company's risk profile, and to potentially more effective investment decision making. We engage in several ways:

- **We are proactive:** We strive to engage companies before concerns materialise and potentially harm investors. We focus our efforts on ESG issues which we consider to be the most strategically and financially material for long-term investors. These include climate change, biodiversity, human capital management, data privacy, and corporate governance.

- **We are research-driven:** As a truly active investment manager, we conduct in-depth analysis of companies and the broader macroeconomic backdrop and incorporate ESG factors which shape investment outcomes. Our engagement and voting are built on the knowledge and insights we have developed.

- **We are an industry leader:** Taking a bold stance on difficult issues and committing resources to delivering engagement outcomes helps us reach our goals for clients and society in the long term. We also seek to work collaboratively with other investors to achieve shared objectives.

- **We are responsive and alert:** Although our core engagement approach is to be proactive, we recognise that there are cases where major controversies occur, or international norms are breached. Such norms include the United Nations (UN) Global Compact – a set of principles based on corporate commitments to implement sustainability principles, the UN Guiding Principles on Business (UNGPs) and Human Rights and OECD Guidelines for Multinational Enterprises. In these instances, we will assess the severity of the cases through our ESG Monitoring and Engagement Committee and consider whether to engage on a reactive basis or make other decisions such as to divest.

- **We create impact:** Investors can drive impact in their investment activities by pressing for change at corporations – influencing the way they behave and do business in selected cases, in line with the double-materiality lens promoted by the European Union (EU) as part of its Green Deal. We focus our engagement on where we believe it can have the greatest impact and in a number of instances consider how it can align with the UN Sustainable Development Goals (SDGs).

Our full Engagement Policy can be found here.

Engagement governance and activities

Governance

Responsibilities

At AXA IM, responsibility for stewardship falls on multiple teams. These include (but are not limited to):

- **Within the Responsible Investment (RI) Centre:** The Corporate Governance Research team and the RI Research team – including analysts focused on themes such as climate, biodiversity, and social, as well as corporate governance and stewardship experts and others involved in public policy advocacy with a sustainability lens.

- **Within AXA IM Business Units** (AXA IM Core, AXA IM Alts, AXA IM Prime, AXA IM Select):
  - Sustainability teams
  - Impact investment teams
  - Credit research teams
  - Fund managers and analysts

- **Public policy professionals.**

Within the investment teams, the analysts and portfolio managers are empowered to engage companies on ESG issues in a similar fashion as for financial issues. This includes ESG analysts, impact investment analysts, and stock and credit analysts. Many of the engagement meetings are conducted in collaboration with RI experts from research, corporate governance, ESG, and Impact teams, and the information gained during engagements is shared with the investment team. Nevertheless, the Corporate Governance Research and RI Coordination teams have a responsibility to formulate the broader engagement program and orchestrate the related governance (including progress tracking and use of escalation, reporting, etc.).

AXA IM's engagement principles are woven through the fabric of all asset classes, although engagement mechanisms used may vary depending on the asset type:

- For traditional assets (listed equity and debt) managed by AXA IM Core, strategic ESG risks are identified and discussed with investee companies during Sustainability Dialogues and Engagement with Objectives, with the goal to avoid their materialisation. For equity and multi-asset funds, voting at annual general meetings (AGMs) is used as an additional lever.

- AXA IM Alts manages a range of alternative assets including real assets, natural capital and impact finance, and alternative credit. Engagements are held with tenants, property managers, borrowers, and/or investee companies (real assets), investee companies and/or project developers (natural capital and impact finance), and companies, sponsors, and banks (alternative credit). Despite these differences, engagements are often fed by ESG-related questionnaires or internal research supplemented by on-site visits where needed.

- Private equity, private debt, infrastructure, and hedge funds managed by AXA IM Prime are engaged through their third-party managers by tracking their ESG practices and raising potential issues through dialogue.

- Lastly, as a full-fledged portfolio manager and investment advisory for AXA entities, AXA IM Select focuses its engagement on two main groups: fund managers and clients (AXA entities), with the goal of creating long-term value while keeping sustainability risks and opportunities central. Since 2025, the AXA IM Corporate Governance & Voting policy applies to AXA IM Select funds of mandates, with the AXA IM Corporate Governance team being in charge of casting the votes.

The ultimate responsibility for stewardship lies at AXA IM board level, which validates regular updates to AXA IM Corporate Governance & Voting policy and AXA IM engagement policy.

Forms of engagement

Since 2022, we clearly distinguish regular dialogue with investee companies regarding their sustainability practices (referred to as 'Sustainability Dialogue') from active engagement, where we have specific, identified objectives (referred to as 'Engagement with Objectives') in terms of our tracking and reporting. Our aim is to ensure robust engagement governance while properly reflecting the breadth of our dialogue with companies on ESG topics.

We consider Sustainability Dialogues to be key in establishing, developing, and maintaining a constructive relationship, as well as gaining insight into a firm's policies and practices. Although insights from this type of engagement can feed into future potential targeted Engagement with objectives, it is less intensive and generally used as an information-gathering exercise led by credit research or portfolio managers looking to have a better understanding of the sustainability-related risk profile of a position held in portfolios.

With Engagement with Objectives on the other hand, we seek to influence change at investee companies based on a defined set of targets related to key ESG issues. These engagements are generally conducted by the RI and Corporate Governance research teams in cooperation with fixed income and/or equity teams.

Selection of priorities

For our Engagement with Objectives, we have rolled out a clear process for selecting priorities, which can be addressed in multiple ways:

- **Thematic:** We proactively engage on material ESG issues with the goal of getting the company to acknowledge the issue and improve its practices.
  - Proactive engagement is deployed for a list of companies which is revised on an annual basis and validated by the AXA IM ESG Monitoring and Engagement Committee. This is the list for which we expect regular individual engagement meetings, updates, and action based on one or two key issues. When selecting the companies with which engagement will be prioritised, we take into consideration the materiality and/or severity of the ESG theme, but also our estimated ability to influence given the size of our exposures, the shareholding structure of the company in question, and past engagement experience with the company. Objectives are then set in advance for each company and adequate resources are allocated. Engagement progress with these companies is regularly tracked by the ESG Monitoring and Engagement Committee, leading to the use of escalation techniques when required.
  - AXA IM's 'Three Strikes and You're Out' policy, a forceful, proactive, climate-focused engagement policy, falls into this category. It aims to apply sufficient pressure to realise timely change within a selection of companies that are considered to be materially lagging on climate issues compared to their peers, or failing to meet baseline expectations, hence representing a higher risk. It includes a selection of companies which do not have net zero commitments, or which have quantified emissions reduction targets which are deemed not to be credible or demanding enough. Clear objectives are defined for each of those companies, which follow our climate risk and engagement policies, and are tailored to their activities and communicated to their management at the inception of the engagement. AXA IM engages regularly with those companies to steer them to achieve progress on those objectives, using escalation techniques when necessary (e.g. voting against management). If our most material demands have not been appropriately addressed after three years, we divest.

- **AGM/voting driven:** Before and after votes, we conduct extensive discussions with companies on corporate governance and sustainability matters. Voting may occasionally be used as an escalation option if we believe engagement on a thematic issue has stalled. For more detail, see the Escalation section.
- **Controversy-related:** Cases of severe controversies and violations of international norms and standards such as the OECD Guidelines for Multi-National Enterprises, or UN Global Compact breach, negative news flows, low ESG quality or ban list updates.

Engagement governance and activities

Governance

- Objectives of our reactive engagement may include ensuring an adequate materiality assessment of the controversy-related risk, the company's oversight of such risk, and its remediation plan.

- Negative news flows: Our investee companies are sometimes the subject of negative news stories. While these are not necessarily ranked as 'severe' controversies by our research service provider, we might want to engage with the company to obtain a better understanding of the issue and assess the quality of its response. In certain cases, we may also decide to exclude issuers on this basis, if we feel the risks are material and the response from management is insufficient.

- Exclusion policies: Any update of our ban lists can also lead to some companies being automatically excluded (e.g. companies with severe controversies or in breach of international norms and standards). Again, the ESG Monitoring and Engagement Committee can advise to engage rather than exclude under certain conditions described in related policies.

- **Opportunistic:** Our relationships with companies mean we are often invited to conferences, roadshows, or field trips. This is an opportunity to learn more about companies' actions, policies, and performance while also updating them on our scrutiny and focus areas. Pre-issuance roadshows, earnings, or strategy update calls may also be appropriate opportunities to discuss a company's wider sustainability strategy.

- **Green, Social, and Sustainability bond (GSSB) engagement:** We engage with a few GSSB issuers before issuance to discuss their framework and alignment with their overall sustainability strategies and ambitions. Post-issuance, we then carry out an ongoing dialogue, prioritising issuers that did not fully meet our initial expectations with the aim to help them improve their GSSB offering and ensure they publish impact reports and effectively allocate the proceeds to green and social projects. We also continuously review opportunities to influence the development of the GSSB market and framework through regular discussions with other market participants which are part of the bond market ecosystem, such as underwriting banks.

- **Listed equity impact funds-related:** We engage with companies from our listed impact funds to support them in the reduction of negative externalities, the delivery of positive impact (e.g. increase production of impactful products and services, accelerate the shift towards solutions that contributes to the fund's impact objectives), and the improvement of impact-related disclosures (including reporting and setting targets for their impact Key Performance Indicators (KPIs)). We consider the Global Impact Investing Network's (GIIN's) Guidance for Pursuing Impact in Listed Equities when implementing our engagement strategy.

- **Labelled funds-related:** For funds which have been awarded the label ISR, fund-level engagement may be conducted with the aim to contribute to the delivery of the fund's specific sustainability outcomes, or to address specific triggering events such as: (i) insufficient disclosure of certain sustainability performance indicators; (ii) insufficient progress achieved against the company's transition strategy; or iii) a low ESG rating.[2]

[2] This is applicable since January 1st , 2025, in line with the entry into force of the revised Label ISR rulebook.

Tracking engagement progress

We have established a system for logging each interaction with any company in order to summarize the engagement minutes and objectives. For Engagement with Objectives, we systematically track engagement progress using six stages that set out the range of possible outcomes:

1 **Engagement commences:** issuer has been contacted (e.g. via a formal letter) with main engagement topics identified. This enables us to identify, follow-up, and potentially escalate engagement requests that have remained unanswered.

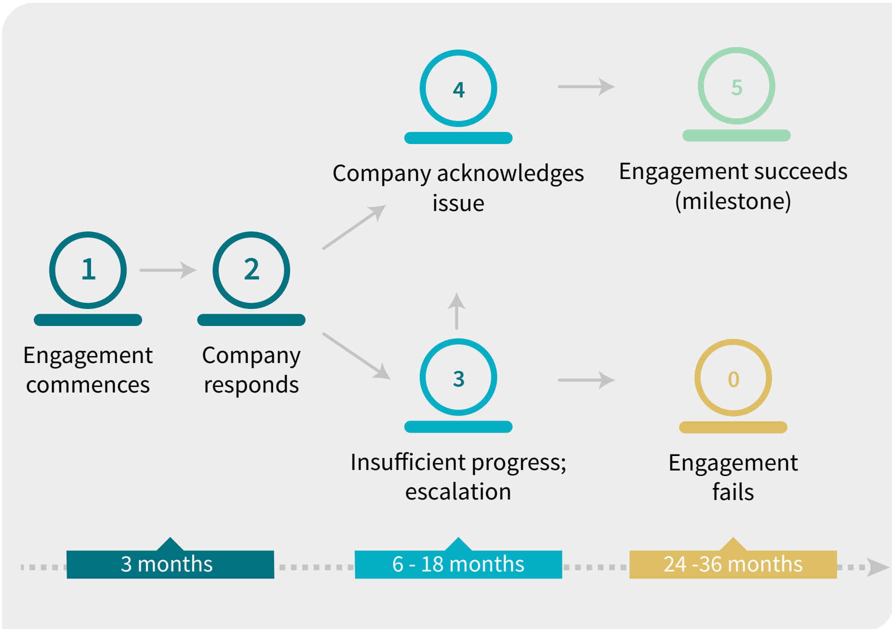
2 **Company responds:** issuer has responded to our engagement request, and dialogue is effectively starting. We closely monitor engagements that have remained for a significant period of time under this stage, as this may trigger a decision to escalate in case of a lack of progression.

3 **Escalation:** we have implemented an escalation technique (see Escalation section for more details).

4 **Engagement progresses:** issuer acknowledges the issue being raised in our engagement, and implements (or commits to) changes to address part of our engagement objectives.

5 **Engagement success milestone:** issuer has provided evidence that an engagement objective is effectively addressed.

0 **Engagement fails:** issuer does not address our engagement objective, and we stop engaging on this issue. Follow-up actions can include a qualitative downgrade of the issuer's ESG rating, divestment or reducing exposure, evolution in the engagement method, or evolution in the engagement objectives.



Source: AXA IM, for illustration purpose only.

Engagement governance and activities

Governance

Escalation

Engagement does not always progress smoothly, and responses given by companies can be unsatisfactory or slow. It is therefore crucial in such cases to escalate the issue to keep the process moving and continue to make progress towards our objective. Here again, there are multiple options available for escalation:

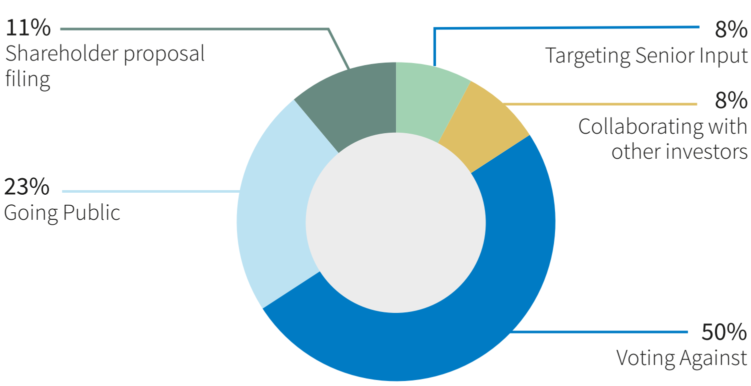
- **Targeting more senior input:** We may seek to move the discussion up the corporate chain, ultimately through to chief executive/chair level.
- **Collaborating with other investors:** Working with other investors can send a unified message to formal industry groups or ad-hoc associations.
- **Voting against resolutions at AGMs:** For equity holdings, we use voting against specific resolutions as a mechanism to escalate engagement concerns.
- **Going public,** either by publicly disclosing our vote intentions ahead of the company's AGM, asking a question at the AGM, or releasing a public statement to detail our concerns.
- **Co-filing shareholder resolutions:** For equity holdings, we may also consider co-filing a resolution on specific ESG issues.
- **Downgrading the company's ESG rating:** This could then lead to reducing exposure or fully divesting from certain funds.
- **Divestment:** We consider the threat of full or partial divestment as a means of putting pressure on companies to change their practices. In the most severe cases, we may divest when we deem that no material change can occur.

The use of a specific escalation technique may vary depending on various factors, such as the severity of the concerns raised during engagement, the degree of responsiveness of the company, but also the market where the company operates, and the type of asset held.

For example, we may be more prompt to file or co-file a resolution at companies based in the U.S., Canada, or the U.K. compared to other markets, considering the applicable filing requirements. In other markets, we may prefer to use other rights available to us, such as raising questions at general meetings. Please refer to the Escalation Tactics table below for further details on the context and rationale behind our use of specific escalation tactics.

Where possible, we will seek to integrate ESG-related concerns raised by fixed income teams or during GSSB-related engagements into our equity-linked voting decisions. More generally, thanks to our information sharing mechanism in place for engagement and based on tools and governance committees, we aim to share with investment teams any significant concerns raised during engagement that have led to escalation, so that they can themselves, when appropriate, raise concerns to the company and ensure uniformity in the message communicated to investee companies.

Escalation tactics used in 2024[3]



Source: AXA IM, end of 2024.

[3] Note that several escalation tactics may be used for a single engagement (e.g. joining a collaborative engagement and voting against the board). Figures reported here should therefore be read separately to the number of engagements recorded under the step Escalation as disclosed in the section below.

Selected anonymised examples of 2024 escalation decisions

	Company A	Company B	Company C
Sector	Construction & Engineering	Hospitality	Food
Geography	France	France	Switzerland
Nature of Issue	Human Rights	Human Rights	Deforestation
Engaged Since	2023	2024	2020
Escalation Technique	**Targeted senior input** by communicating our concerns (linked to a conflicted director member of a Board committee tasked with human rights oversight) directly to the Lead Director	**Collaborating with other investors** to **publicly** ask a question at the company's AGM linked to its human rights due diligence policies	**Voting against** the sustainability report to raise concerns on the company's deforestation policy
Rationale	Lack of willingness of the company's operational teams to consider our concerns	No satisfactory response to our previous engagements, and no response to our meeting request with a C-suite executive Leveraging on French legal framework re. right to ask written questions	Maintain pressure following an agreement to withdraw a shareholder proposal asking the company to strengthen its zero deforestation goal Leveraging on Swiss legal framework (mandatory annual vote on sustainability reports)
Potential Next Steps[4]	May lead to a vote escalation if no evolution	May be reflected in the company's ESG rating	May lead to a vote escalation if the company does not follow up on its commitment

	Company D	Company E	Company F
Sector	Financials	Oil and Gas	Chemicals
Geography	Canada	UK	US
Nature of Issue	Climate change financing	Climate change	Business ethics
Engaged Since	2022	2020	2023
Escalation Technique	**Publicly disclosing our intention to vote against** the re-election of the Board Chair ahead of the AGM due to concerns on the company's fossil fuel financing policies	**Co-filing a shareholder proposal** to signal our concerns on the company's climate strategy ahead of the 2024 AGM **Public statement** explaining the rationale behind this decision	**Downgrading the company's ESG rating** which resulted in its **exclusion** from ESG-integrated portfolios following recurring and structural concerns of business ethics and fraud
Rationale	Continue escalation strategy following decision to vote against the Board Chair at the previous AGM	Continue escalation strategy following decision to oppose the company's transition plan in 2023 Leveraging on UK legal framework re. shareholder proposal filing	Severity and financial materiality of the issue No response to our request for engagement
Potential Next Steps[4]	May lead to further vote escalation if no evolution	May lead to further vote escalation if no responsiveness from the Board	N/A

Source: AXA IM, anonymised examples from 2024.

[4] Next steps will be defined on a case-by-case basis depending on the status of the engagement and subject to validation of appropriate internal governance processes.

Engagement governance and activities

Governance

Collaboration

Much of our engagement is based solely on our own efforts, but we also believe that collaborating with other likeminded investors and stakeholders can help us to achieve our goals. In most cases, we think collaborative initiatives should serve to bolster and not replace individual engagement. This explains our decision to use a combination of the two.

Collaborative Engagement Framework

We adopt a selective approach to decide which collaborative initiatives we will participate to or support, focusing on topics and groups where we believe our involvement will have a material impact. We play a proactive role in several industry initiatives and assume leadership roles in certain cases to increase our impact, as highlighted in Appendix II.

Collaborative engagement can typically be favoured over individual engagement in situations where:

- The **level of maturity** of the engagement theme is still nascent: in this case, we tend to favour engaging collaboratively with likeminded peers to work on the definition and development of common standards and assessment frameworks. When meeting with corporates, collaborating with other investors will help increasing awareness of companies on the materiality of such issue for investors.
- There is a **need to escalate** a stalling individual engagement: when a company is not being responsive to our engagement demands, joining forces with other investors will bring additional weight to our requests – potentially maximising the likelihood of response from the company.
- We can leverage on the specific **expertise and access** of a local initiative: because sustainability practices are highly dependent on the specific legal framework applicable to the company, joining a local initiative will enable us to deepen our knowledge of certain market specificities. It will also help getting access to smaller companies that may be more receptive to local associations and investors.

Case Study Iberdrola

Engagement with objectives (collaborative)

Commences | Company responds | Escalation | **Progresses** | Success | Fails

Coalition name: **Investors for a Just Transition**
AXA IM involvement: **Lead Investor**
Asset class: **Equity, Fixed Income, Multi-Asset, Structured Asset**
Engagement theme: **Just Transition**
Reason to engage collaboratively: **Emerging theme**

Moving to low-carbon energy, buildings, transportation, and industrial production will bring dramatic adjustments and challenges to countries and industries – and therefore to workers and their communities. A failure to anticipate the social implications of these challenges could stall climate progress and contribute to political instability because of increasing inequality. At AXA IM, we have therefore engaged on the Just Transition theme by collaborating, since 2021, with the Institut de la Finance Durable.

Through our involvement with this coalition, we aim to raise companies' awareness of the need to consider the impact of their transition strategy on their workers and contribute to the development of common frameworks for investors to engage on the just transition theme.

The coalition decided to focus on four sectors – Energy, Construction, Agriculture, and Transport. AXA IM leads the energy sector group, and has been engaging with Iberdrola on Just Transition since 2023. Since then, we have met four times (two times bilaterally, and two times via the coalition), either with the head of Sustainability or the person in charge of human rights and stakeholder engagement.

During our various meetings, the company was able to share with us concrete examples of success and difficulties encountered in the transition journey, giving examples of successful upskilling and reskilling programs such as the one implemented following the closure of the company's last coal power plant – with the company reallocating a significant part of its employees to a new solar panel plant.

This dialogue with Iberdrola helped to define best practices and fed into the coalition's work to define of an analytical framework, based on 16 indicators around transparency in Just Transition strategy planning, stakeholder involvement, upskilling, and consumers. Each company targeted by the coalition is then scored according to its level of maturity on each of these indicators to assess its preparedness. The grid of analysis, along with a set of recommendations, was published in 2024.[5] Ultimately, it could become a common framework for investors to structure and deepen engagement on Just Transition.

As the topic is still nascent, we are learning both from academics and from companies. Iberdrola can be considered as one of the pioneers given its level of advancement in the energy transition.

[5] List of indicators and recommendations are available through Institut de la Finance Durable, November 2024, Guide pour l'analyse de la performance des entreprise en matière de transition carbone (in French only).

Case Study Procter & Gamble

Engagement with objectives (collaborative)

Commences | Company responds | **Escalation** | **Progresses** | Success | Fails

Coalition name: **Not applicable (ad-hoc collaboration)**
Asset class: **Equity, Fixed Income, Multi-Asset, Structured Asset**
Engagement theme: **Biodiversity**
Reason to engage collaboratively: **Escalation**

AXA IM started engaging Procter & Gamble on forestry-related issues in October 2022, initially on an individual basis. The engagement originally centered around strengthening the company's zero-deforestation commitment and improving disclosure on deforestation free volumes. However, in 2023 the focus shifted to a related issue, forest degradation, following Procter & Gamble's policy update in which references to 'forest degradation' no longer appeared. Although the company conveyed that commitment remained unchanged, we voted against selected board members at the 2023 AGM to convey our dissatisfaction on the direction forestry practices appeared to be taking when greater stringency across the industry was desired.

As new studies raised concerns about the degradation of Canada's boreal forest due to industry practices and in response to the ambiguity around the company's practices and disclosure, we decided to further escalate and engage the company together with other investors. Our first collaborative engagement was held in March 2024, and did not adequately reassure us that Procter & Gamble was addressing impacts stemming from its pulp sourcing in Canada's boreal forest to the best of its abilities and with sufficient transparency and disclosure. In that context, the investor group decided to file a shareholder proposal at Procter & Gamble's 2024 AGM, asking the company to enhance disclosures in relation to its existing efforts to mitigate risks to biodiversity and forest resilience.

This led to a formal agreement being reached with the company to withdraw the resolution in exchange for a set of actions including: (i) providing more information on an on-going basis on how Procter & Gamble protects biodiversity and prevents deforestation and forest degradation within its pulp supply chain; (ii) renewing its investment in the development of alternative fibers ; and (iii) increasing disclosure of its advocacy and lobbying efforts related to robust forest management in Canadian forests.

This agreement should help investors better understand how Procter & Gamble is managing the risks associated with sourcing from the Canada's boreal forests. Together with the investor group, we now aim to pursue the dialogue with Procter & Gamble and closely monitor the company's efforts through enhanced disclosures.

Engagement governance and activities

Governance

Case Study — Aegon

Engagement with objectives (collaborative)

Commences | Company responds | Escalation | Progresses | **Success** | Fails

Coalition name: Eumedion
AXA IM involvement: Participant
Asset class: Fixed Income, Multi-Asset, Structured Asset
Engagement theme: Corporate governance
Reason to engage collaboratively: Local access and influence

As part of our membership of the Dutch corporate governance association Eumedion, we joined an Eumedion-led engagement organised with the chief executive of Dutch insurance company Aegon in mid-2023, to discuss the company's announced domiciliation in Bermuda. We were concerned by the impact of the move on some of our key shareholder rights, including the right to vote on dividends, directors' discharge, capital issuances, and the remuneration policy.

Given the company's reluctance to address our concerns, Eumedion's secretariat decided to issue an alert, circulated amongst the association's members, to raise attention to this situation. Then, the company published a commitment to maintain several shareholder rights, including binding votes on major acquisitions and divestments and on the remuneration policy, in line with our engagement objectives. This led Eumedion to withdraw its alert.

Engagement then continued in early 2024, as part of the company's review of the remuneration policy following its relocation to Bermuda (the company no longer being subject to the bonus caps applicable to European financial companies), with a proposal to significantly increase the chief executive's pay quantum. With the Eumedion group, we held two dedicated meetings - first with the board chair, then with the Remuneration Committee chair - to share our concerns around the magnitude of the proposed increase, but also concerning stringency of variable pay structure. Ultimately, the company decided to progressively phase in the proposed pay increases, which will be subject to individual and company performance over the next four years. Variable pay stringency was also strengthened by removing the possibility for the total shareholder return criterion to vest below median performance and removing the dividend per share metric.

We were pleased by the outcomes achieved in our various engagements with the company, which ensured that some sort of accountability mechanisms were maintained despite the change in legal framework, and believe this engagement success is likely attributable to Eumedion's influence in the Netherlands.

Collaborative engagement activity

Category	%
One-on-One	82
Collaborative - Lead	6
Collaborative – Participant	12

Source: AXA IM, end of 2024.

In 2024, 18% of our Engagements with Objectives were carried out collaboratively, with either a leading role (32% of cases) or as an active participant (68%) in key industry initiatives[6] such as:

- Climate Action 100+ (CA100+), where AXA IM leads engagements with three companies (Aramco, Ecopetrol, and Renault).
- NA100, a global initiative launched by a group of investors - including AXA IM - in September 2023, which seeks to engage companies in sectors deemed to be systemically important in reversing nature and biodiversity loss by 2030. In 2024, AXA IM was leading engagement at two companies and participating at three others.
- Emerging Markets Investor Alliance (EMIA), which we joined in 2023 to strengthen our engagement activity on various sustainability issues (climate transition plans, deforestation, governance) with corporates in emerging markets. In the course of 2024, AXA IM participated to engaging four companies.
- Investor Initiative on Hazardous Chemicals (IIHC), which addresses pollution and health issues related to the production and use of hazardous substances by chemical companies. AXA IM is the lead engager for five companies, and also participates in engagement with three other companies.

[6] Exhaustive list is provided in in Appendix II.

We are also member of local initiatives such as:

- [Assogestioni,] the Italian association of asset managers that contributes to collective engagement with Italian listed companies on corporate governance issues. AXA IM attended two collective dialogues in 2024, and contributed, as a member of the association's Investment Managers Committee, to submitting 17 minority slates of candidates to board of directors and board of statutory auditors of 10 Italian companies.

- Eumedion, a Dutch initiative which aims to promote good corporate governance and sustainability policies at Dutch listed companies. AXA IM is a member of its Investment Committee and actively contributed to engagement with eight companies in the course of 2024.

- 30% Club Investor Groups, aiming to encourage large companies to promote gender diversity at senior management level. AXA IM is a member of both the France Investor Group (which AXA IM co-founded in 2020), as well as the Japan Investor Group (where AXA IM leads engagement at two companies).

- The Forced Labour and Child Labour initiative, led by the French Sustainable Investment Forum (FIR) and non-governmental organisation Human Resources Without Borders. The initiative aims to reduce the risk of child labour and forced labour in supply chains in French companies by implementing robust human rights policies. AXA IM is leading engagement with three companies.

In 2024, we also joined several collaborative initiatives, including the Platform on Living Wage Financials, which aims to encourage companies to enable living wages in their global supply chains, and the Corporate Governance working group of the Small Cap Club (hosted by the FIR), aiming to engage small and mid-cap French companies (typically family-owned or majority controlled) on their governance practices.

We also continued to use collaboration to support our policy advocacy efforts, working notably with the Institutional Investors Group on Climate Change (IIGCC) as co-chair of its policy program. In 2024, we also joined the Stewardship Committee of the Investment Association (IA), the EU policy working group of the International Corporate Governance Network (ICGN), and the Stewardship Code working group of the IIGCC, all aiming to promote stewardship best practices in the U.K. and in Europe.

Case Study — Cencosud

Engagement with objectives (collaborative)

Commences | Company responds | Escalation | **Progresses** | Success | Fails

Coalition name: Emerging Markets Investor Alliance
AXA IM involvement: Participant
Asset class: Fixed Income
Engagement theme: Climate, Corporate governance

We first met with Cencosud's head of investor relations and sustainability in 2023, in the context of the EMIA working group on consumer staples, initially to discuss the company's sustainability commitments.

However, the focus quickly switched to corporate governance, with the company's chief executive's abrupt resignation over insider trading issues. We therefore conveyed our expectation that the company conduct a thorough review of all its internal codes of conduct and policies, and to see the company stepping up on the ESG strategy front (with clear commitments and targets on carbon emissions to start), to be enabled by increasing resources dedicated to sustainability which appeared limited.

We then met again in mid-2024 and were pleased to see Cencosud hiring external consultants to conduct a dedicated review to improve the company's legal standards and internal structures, policies, and controls in addition to the actions already taken to rectify weak protocols relating to trading. On the sustainability front, we welcomed, under the new chief executive's leadership, the expansion of the sustainability team which sends a positive and concrete signal that company is committed to enhancing its ESG strategy. Substantial progress was made with respect to sustainability as the company completed an inventory of its Scope 1&2 emissions enabling the company to begin working on decarbonisation actions regionally, including governance structures and identifying financing, and is working on improving sustainable sourcing practices including deforestation.

We aim to continue the constructive dialogue with the company on both governance and sustainability issues, including once the results of the governance review are finalised.

Engagement in 2024: Highlights and data[7]

2024 Engagement Activity

Engagement activities and outcomes

In 2024, we conducted 550 engagements with 426 entities.[8] Engagements with Objectives represented 42% of our total engagements - a proportion which remains stable compared to 2023.

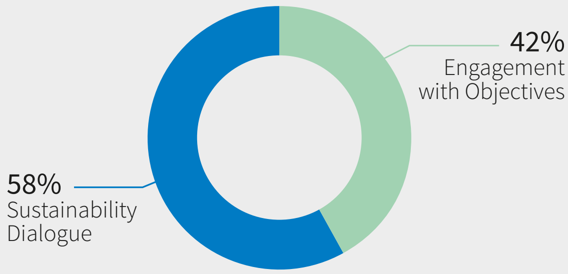
Our preferred form of engagement remains direct meetings with issuers (either virtual or physical), as we feel this is the best way for us to directly communicate our feedback and expectations but also to gauge the level of receptiveness of the company engaged. We refrain to recording emails or letters as engagement, unless they state clear demands to companies. As examples, some letters in 2024 aimed to:

- Introduce a new engagement program such as the initiation of engagement as part of our 'Three Strikes and You're Out' policy, with a letter from our chief executive outlining our concerns and demands.
- Announce the launch of new collaborative engagement, the goal here being to present the coalition and its main objectives.
- Escalate an ongoing engagement, including by sending a formal letter to the chief executive or the board chair to detail our concerns.

We generally benefit from good access to top management (35% of our engagements being conducted at board or C-suite level), in particular in France (25%), the U.S. (24%), and the U.K. (17%) – due to a combination of factors including geographic proximity, maturity of shareholder dialogue practices, and depth of our relationships with these companies. This enables us to share our potential feedback and concerns directly with the company's decision makers, maximising the chances for our engagement objectives being met.

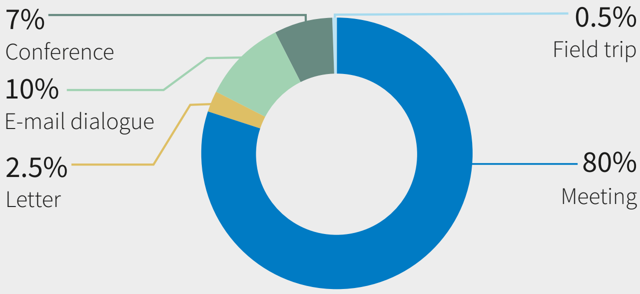
A significant chunk of our engagement activity is also conducted with operational specialists, which are in most cases the company's sustainability experts. This enables us to have technical and in-depth discussions on a specific theme with a topic expert, facilitating our understanding of the most technical aspects of the company's sustainability strategy. For that reason, 84% of our engagements held with an operational specialist addressed environmental issues – enabling us to dig deeper into the company's environmental risks and opportunities, refining our engagement demands accordingly, and potentially escalating to higher levels of the company's hierarchy if need be (60% of our engagements with top management also cover environmental issues).

Engagements per approach



Source: AXA IM, end of 2024, all engagements, all engagements.

Engagements per format



Source: AXA IM, end of 2024.

Positions of contact persons engaged with

Contact position	Number	%
Board	40	7
C-suite	152	28
Corporate secretary	26	5
Investor relations	206	38
Operational specialist	126	23

Source: AXA IM, end of 2024, all engagements.

[7] Figures in this section may be rounded.
[8] Some issuers may be engaged through both Engagement with Objectives and Sustainability Dialogue approaches.

Engagement themes

All engagements

Climate change remains our main engagement theme representing 41% of overall engagements, compared to 37% of engagements in 2023. This is largely driven by an increase in the number of Sustainability Dialogues, for which climate change was the main theme discussed in 51% of the meetings. This illustrates the integration of climate considerations in investment teams' activities.

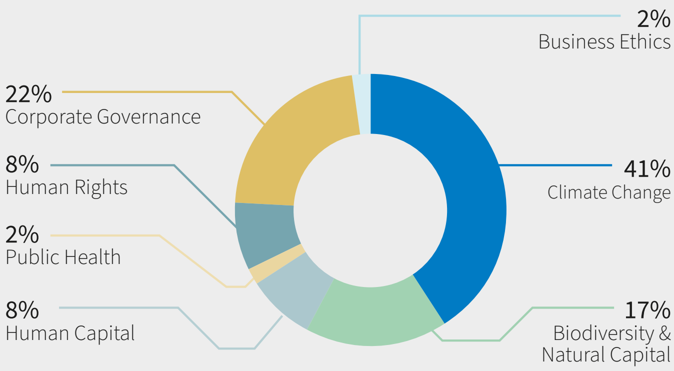
Corporate governance and biodiversity and natural capital are the second and third most targeted themes, followed by human capital, human rights, business ethics, and public health.

Engagements with Objectives

Several of our Engagements with Objectives began in 2022 and 2023, and we are seeing several of them starting to bear fruit, with 68 Engagements with Objectives seen as 'in progress' and 7 success milestones in 2024. In some cases, the use of escalation was also necessary due to a lack of progress, which was the case for 16 engagements.

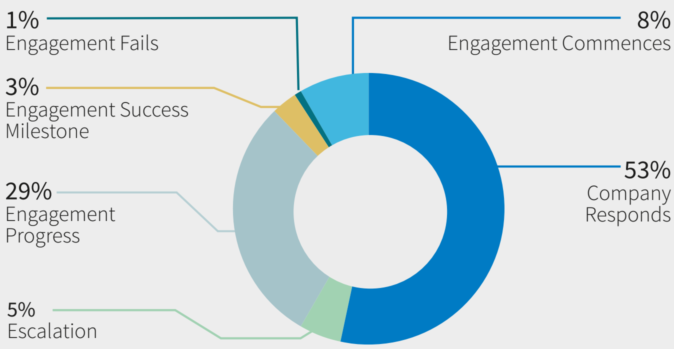
Engagement and dialogue are often conducted in collaboration with various teams internally, providing both strategic and technical views of the company's practices but also demonstrating AXA IM's integrated stewardship approach, which allows the information gained during engagement to be fed into investment decision-making, and often helps make our engagement even more impactful. For 2024, 17% of our Engagements with Objectives were conducted across various teams, with 88% of those joint engagements were conducted with an ESG specialist and a portfolio manager an increase compared to last year.

Breakdown per engagement theme: all engagements



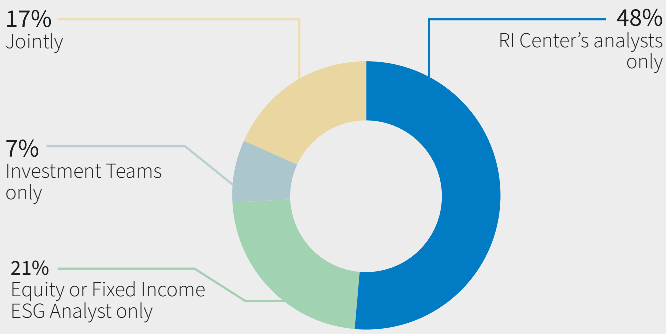
Source: AXA IM, end of 2024, all engagement.

Engagements with Objectives per progress status



Source: AXA IM, end of 2024, for Engagements with Objectives.

AXA IM participants to engagement



Source: AXA IM, end of 2024, for Engagements with Objectives.

Engagement in 2024:
Highlights and data

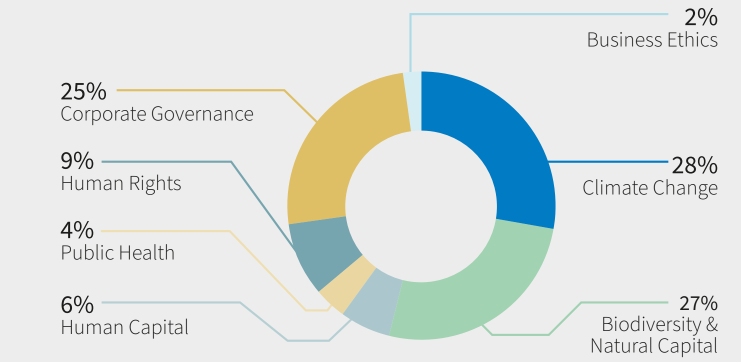
Recognising the importance of all emissions across the value chain, AXA IM has set within its [Progress Monitor] an objective to engage with at least 70% of financed emissions in material sectors by 2025, as well as objectives to reduce the carbon intensity of its listed corporate investments. The AXA IM Climate Colour framework is used to inform investment decisions, alongside other ESG data, and helps to identify weaknesses in the robustness of companies' climate strategies to reach net zero by 2050, representing engagement opportunities, and request them to set robust climate transition plans. Engaging with companies across sectors to better understand and assess individual decarbonisation strategies is key and naturally climate change remained the key theme addressed during our Engagements with Objectives in 2024, representing 28% of them.

The preservation of natural capital and biodiversity is also a key area of focus of AXA IM's sustainability strategy. Back in 2021, a more comprehensive ecosystem protection and deforestation policy, an extension of our prevailing palm oil policy, was implemented, with the definition of a clear engagement strategy tackling deforestation and natural ecosystems conversion. Specific engagement programs on deforestation, biodiversity footprint measurement and reporting, and biodiversity restorations have been conducted with companies across agrifood and chemical sectors and those with product manufacturing activities such as cosmetics and toiletries. In 2024, biodiversity and natural capital was our second most targeted theme (27%).

Corporate governance continues to remain a key priority in our engagements, focusing on sound board composition (including their governance of sustainability), transparent and challenging management remuneration structure, and respect of key shareholder rights, i.e. the key pillars of our Corporate Governance & Voting Policy. In total, 25% of themes addressed during Engagement with Objectives were related to corporate governance.

Demonstrating the strong interlinkages between themes, 42% of climate change Engagements with Objectives also addressed corporate governance-related topics, notably focusing on the articulation of the climate strategy and objectives with companies' management structures and incentives. Similarly, more than 56% of biodiversity-related Engagements with Objectives also addressed climate issues due to synergies between greenhouse gas (GHG) emissions and deforestation (the 'climate-biodiversity nexus').

Breakdown per engagement theme: Engagements with Objectives



Source: AXA IM, end of 2024, for Engagements with Objectives.

Sustainability Dialogues
In light of further ESG integration at portfolio level, an increasing number of investment teams are engaging with investee companies to get a comprehensive ESG analysis of companies.

A large part of our Sustainability Dialogues is conducted as part of our global net zero strategy, to get a better understanding of companies' GHG emissions reduction targets and articulation of their operational and capital expenditures to achieve those targets. Climate change-related topics are addressed in 51% of our Sustainability Dialogues.

The chart on the right illustrates the breakdown of our Sustainability Dialogues by issuers' climate colour based on our AXA IM Net Zero Climate Colour framework. Discussions conducted by fundamental analysts to better understand investee companies' decarbonisation strategies are often recorded as Sustainability Dialogues with the aim to keep track of them.

In our dialogues with companies, we aim to focus on:

- Issuers where further progress can be achieved, (e.g. not engaging issuers in "Dark Blue")
- Issuers where severity of climate risks is the highest (i.e. issuers in "Red" or "Orange"), although our limited exposure (in particular to issuers in "Red") will necessarily limit our ability to conduct a dialogue

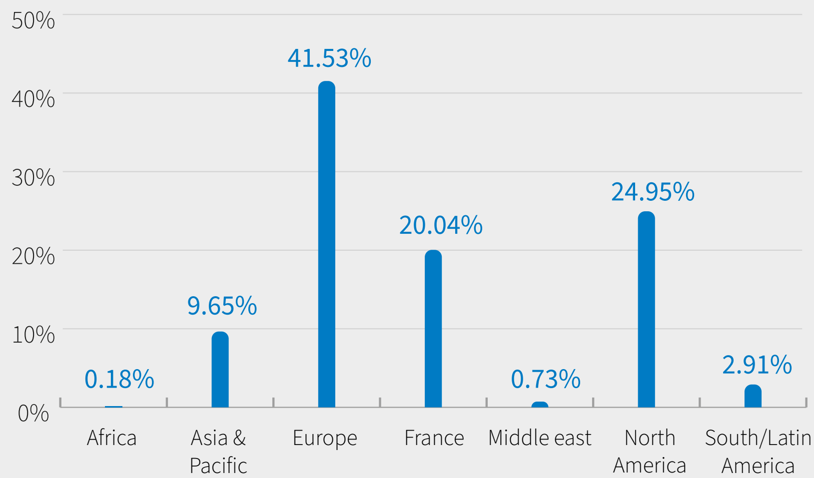
Sustainability Dialogues are also conducted with Green, Social, Sustainability and Sustainability-Linked bonds issuers at the pre-issuance level, to better understand the relation to articulation of the issuance with the global issuer's sustainability strategy, but also post-issuance, notably to verify use of proceeds are in line with the objective of the issuance.

We can also conduct a dialogue, even when we are satisfied with the company's climate disclosure, but focusing on other E, S or G thematics

Breakdown of climate colour per issuer engaged under sustainability dialogue

Climate Colours	Number	%
Red	27	8.5
Orange	49	15.4
Light Blue	106	33.3
Blue	118	37.1
Dark Blue	0	0.0
Grey	18	5.7

In 2024, we engaged with issuers across the world:



The geographical split of our issuer engagement reflects the one of our assets under management (AuM), 75% of those being invested in European corporates.

Source: AXA IM, end of 2024, all engagements.

Engagement themes

Climate change

Olivier Eugène
AXA IM Head of Climate Research

This year, many publications - whether from the International Energy Agency, the World Meteorological Organisation, the Global Carbon project, or the broader scientific community – spelled out the same conclusions as they did last year, with 2024 instead of 2023 in the headlines: rising oil demand,[9] record coal consumption,[10] record carbon dioxide emissions,[11] record average temperature,[12] more damaging flooding and wildfire events, and so on. 2024 was also a year of multiple elections across the globe. The environment arguably took a more remote part in political debates and decisions, falling behind topics deemed more urgent for the wallets or safety of voters.

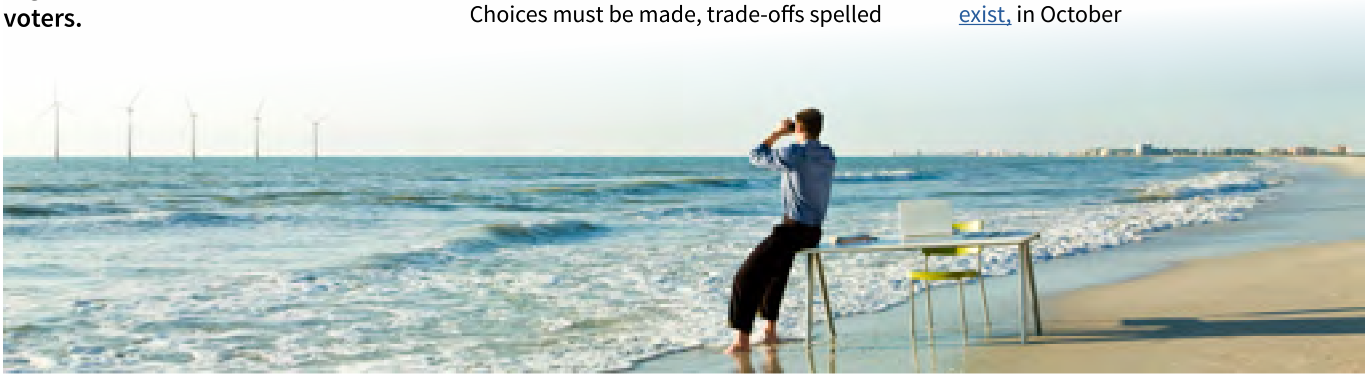
Nevertheless and similarly to the previous year, renewables continued to develop at an increasing pace,[13] with China being the industrial powerhouse behind key technologies and the main market for their deployment. There is now a very clear possibility that China will reach peak carbon emissions in the very near term, which would be a tremendous and positive change for a country accounting for 25% of the global emissions.[14]

It is then unsurprising to see analyses showing that, under current policies and actions, the world is on track for a temperature increase clearly above +2.5°C,[15] way above the goals of the Paris Agreement. COP29 held in Azerbaijan in November 2024 did not provide additional impetus.[16]

There are many known feasible solutions to reduce emissions - in industry, transportation, and buildings alike. Leveraging them more than is done today ought to be a priority but is not always easy, notably because of challenging costs in some cases, as well as of practical matters such as a lack of required infrastructure or outdated rules. Choices must be made, trade-offs spelled out and accepted, and priorities and budgets set. It should also be stressed that while solutions are often global, implementation is most often local. For instance, each city, depending on its history and demography, will decide how to handle low-emission home heating and cooling. There is not one blueprint for the transition, but rather many shades of blueprints.

In 2024 and as in previous years, our research efforts continued to focus on several aspects of the energy transition as well as on methodological topics. We published the following reports:

- Measuring energy: Losses and efficiencies with an electric silver lining, in February
- Infrastructure and the energy transition: Moving electrons and molecules, in April
- What energy transition scenarios are and how they can be used or misused, in May
- Avoided Emissions: Why it matters to investors to account for what does not exist, in October



[9] International Energy Agency, 2024, Oil 2024: Analysis and forecast to 2030.
[10] International Energy Agency, 2024, Coal 2024: Analysis and forecast to 2027.
[11] Global Carbon Budget, November 2024, Fossil fuel CO_2 emissions increase again in 2024.
[12] EU Copernicus and Climate Change Service, January 2025, 2024 - a second record-breaking year, following the exceptional 2023; UN News, December 2024, 2024 to become the hottest year on record.
[13] International Energy Agency, 2024, Renewables 2024: Analysis and forecast to 2030.
[14] Climate Watch, no date, China.
[15] UN Environment Programme, October 2024, Emissions Gap Report 2024; Climate Action Tracker, November 2024, As the climate crisis worsens, the warming outlook stagnates.
[16] Virginie Derue (AXA IM), December 2024, COP29 and the US election: Where does the battle against climate change go now?

Our engagement goals and activity

Engaging with companies on climate and their decarbonisation strategies remained a top priority of our 2024 engagement strategy, given AXA IM's objective to reduce the GHG footprint of our investments in line with our net zero by 2050 commitment. This makes climate change the most common theme of our engagement activities, representing 41% of our total efforts in 2024.

While this theme is universal and relevant to all firms from all sectors, we focus our efforts where materiality is greatest, notably energy, utilities, industrials as well as the financial sector. Engagement with companies operating in these sectors represented 58% our total climate-related engagements in 2024. We particularly stepped up our engagement efforts with the banking sector by expanding the geographical scope of our engagement activities, and initiated engagement with European banks on their approach to net zero and financed emissions reduction targets. Companies we engage with are selected based on their absolute emissions and on the exposure in the portfolios we managed for our clients.

We also participate in collective engagements, mostly within the CA100+ initiative, for which we held meetings with Renault and Saudi Aramco where AXA IM acts as co-lead investor. The engagements with Renault focused on public policy and lobbying, on which improved reporting and disclosure is expected in 2025. Renault will update its transition plan this year and we intend to engage specifically on the subject over the course of 2025. We also held a meeting with Saudi Aramco for the second year in a row, a sign of increased openness from the company to discuss with CA100+ investors. We met the head of sustainability and the head of investor relation. While the company does not intend to change its Scope 1&2 targets and to start reporting Scope 3 emissions, it is well advanced on its methane management. We are pushing the company to join the Oil and Gas Methane Partnership 2.0 to strengthen its track record and will continue to engage based on the company's new sustainability report to be published next spring.

Case Study — Texas Instruments

Engagement with objectives

Commences | Company responds | Escalation | **Progresses** | Success | Fails

Engager: Responsible Investment Research
Other participating teams: Corporate Governance Research
Asset Class: Equity, Fixed Income, Multi-Asset, Structured Asset

Texas Instruments, a U.S.-based company operating in the semiconductor industry, has not set any emission reduction targets beyond 2025. This led us to reach out to the company in writing in 2022 and detail our main expectations, which include the formalisation of a climate strategy, with a long-term net zero ambition and intermediary targets on a five-to-10-year horizon, as well as Science Based Targets Initiative (SBTi) validation.

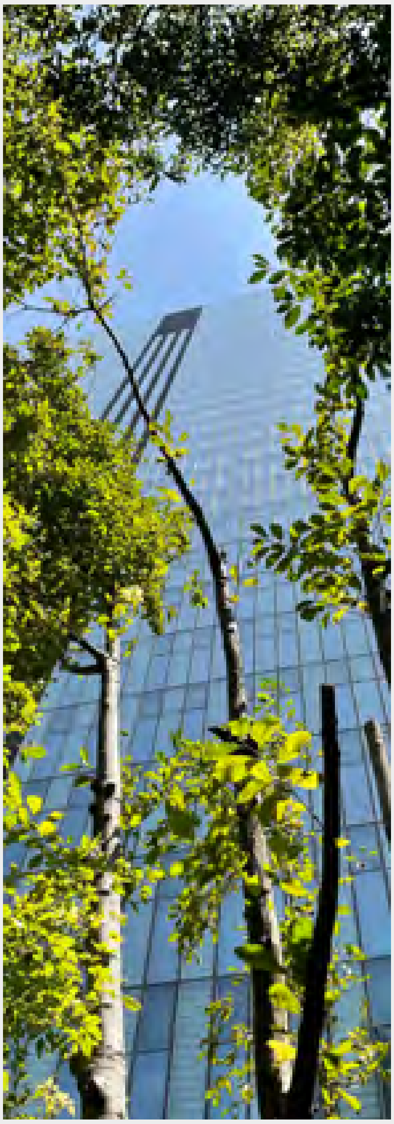
Since 2022, we held four individual meetings with investor relation teams, of which two included the company's senior counsel. In our first meetings, the company seemed unwilling to consider our requests and was focusing on achieving its short-term targets. This led us to reiterate, both in meetings and in writing, the importance of a net zero ambition and intermediary targets for our investments, and to use escalation tactics (in particular, opposition to the chair of the committee responsible for ESG oversight at board level) at the company's AGMs.

By the end of 2023, the company confirmed it was working on new targets and ambitions: it was considering setting up a net zero ambition and looking at SBTi verification after strong feedback from the investment community, including ourselves. When we met in early 2024, we welcomed the company's new announcement to achieve net zero Scope 2 emissions by 2030. We also reiterated our demands regarding Scope 1 emission reduction targets and SBTi verification – which the company committed to last November.

Following this substantial progress, we will continue to engage the company on its Scope 1-related targets and will push for inclusion of measurable, transparent, and challenging climate-related metrics in management remuneration.

Engagement themes

Climate change



Case Study

Engagement with objectives

Commences | Company responds | **Escalation** | Progresses | Success | Fails

Engager: **Responsible Investment Research**
Other participating teams: **Corporate Governance Research**
Asset Class: **Equity, Fixed Income, Multi-Asset, Structured Asset**

We started engaging with a Canadian bank in 2022 due to its sizeable exposure to controversial sectors (including coal and tar sands), their lack of ambition in exclusion policies compared to peers, and an insufficient disclosure of financed emissions.

We started by communicating in writing our key demands, including:

- Upscale GHG reduction targets for Scope 1 and 2
- Set Scope 3 reduction targets for energy and power in 2023 and extend those targets to all material sectors by 2024
- Strengthen coal and tar sands exclusion policies

Since 2022, we held regular meetings with the company's sustainability teams. Although the company is progressing in structuring its energy transition strategy (since 2022, the company has set additional targets for the auto and aviation sectors, increased its transition funding target, and set up a dedicated energy and power engagement plan), the pace of progress is slow and the bank still needs to expand its reporting and targets, improve granularity around thermal coal, and broaden its engagement initiatives to all key sectors.

We have therefore used several escalation tactics since 2023, including; (i) opposing the re-election of the committee chair tasked with ESG oversight at board level and management remuneration; (ii) supporting climate-related shareholder proposals; and (iii) publicly disclosing our voting intentions ahead of the AGM.

We will continue to engage the company on the further strengthening of its overall climate strategy and may opt for further drastic steps in our escalation strategy at its 2025 AGM.

Our approach to climate laggards: the 'Three Strikes and You're Out' Policy

In 2024, we continued to pursue our climate laggards engagement initiative that we announced in 2021 and initiated in 2022. We held meetings with each of the companies identified as laggards, which would generally include the company's head of sustainability (or equivalent). For each of the companies in which we hold an equity stake and are eligible to vote, we communicated before their AGMs our voting intentions linked to the climate-related concerns raised in our engagements. We also publicly disclosed our voting intentions ahead of the AGM of four of them.

Moreover, at the end of 2023, we concluded that two companies no longer fit the laggard definition after having significantly enhanced their strategies and meeting our engagement objectives. As such, they were removed from the list early 2024, while three new laggards were introduced – all from the energy sector, two based in the U.S. and one in Europe. A private letter, sent by AXA IM's chief executive and listing our key demands, was sent mid-2024 to all three companies, and a first meeting has already occurred with the head of sustainability of one of these companies.

How we applied our 'Three Strikes' policy in 2024

Sector	Geography	Nature of Issues	Engagement Requirements	Engagement Activity	Intermediary Conclusions
Waste management	U.S.	• The company has set 15-year aspirational ESG targets • However, there is no long-term ambition and no intermediary targets (5 to 10 years) • There is a confusion between direct and avoided emissions	• Set a long-term net zero ambition • Set intermediary scope 1 and 2 targets • Clarify the reporting on avoided emissions • Seek an SBTi validation	• One meeting held with Chief Financial Officer (CFO) and Vice President (VP) Sustainability in 2022, two meetings in 2023 (one with IR, one with Vice President, one meeting in 2024 with VP Sustainability	• The dialogue was positive from day one with the company already seeking to improve and onboarding our views • Over the 3 years, the company has improved its reporting (adding a Task Force on Climate-Related Financial Disclosures (TCFD) report and unbundling direct and avoided emissions), set and upgraded intermediary targets, and committed to SBTi
Metals & Mining	Mexico	• No formal transition plan • Targets only related to scope 2 emissions	• Formalise a broader climate strategy • Set targets for scope 1 emissions • Seek a SBTi validation	• Two meetings in 2023 and 2024 with the EVP Sustainability	• The company was very slow to answer our initial letter and the engagement only started in 2023 • The company has a net zero ambition for scope 2 but, while it is acting, achieving it will depend on a change in regulation • The company has been working for more than 2 years on a Scope 1 plan, focusing on hard to abate areas. The plan will not be ready before late 2025 at the earliest. While the conversation is constructive, the pace is clearly too slow.
Energy	India	• Lack of intermediary emission reduction targets	• Detail net-zero ambition by setting intermediary targets • Enhance disclosure and reporting around GHG emissions and energy consumption • Seek SBTi validation for key carbon contributing business lines	• One meeting in 2022, 2023, and 2024 with Senior Sustainability Manager	• We see the company as very serious in its ambition, with a strong ambition to reach net zero by 2035 and providing several industrial milestones on its way to net zero • New Indian regulation led to an improved reporting. However, the company's plan still lacks clarity on certain points, including future evolution of its energy mix • We will continue to push for more detailed emission pathway prior to the company's 2035 target

Source: AXA IM, anonymised examples from 2024.

Outlook for **2025**

We will continue to focus on the moving and interdependent parts of the energy transition. In a world where the consumption of fossil fuels is not declining, we will engage with companies on both sides – the producers, mostly of oil and gas, and the consumers, with a focus on high materiality sectors, notably basic materials, heavy industries, and the transportation ecosystem, as well as with the financial sector that is 'greasing the wheel'.

Our conviction that all stakeholders have a role to play is stronger than ever. All companies must participate in the transition by tackling their direct emissions of GHGs and contribute to changes in their value chains.

AXA IM has developed a net zero framework notably inspired by the IIGCC Net Zero Investment Framework to assess the relevance and credibility of corporates' transition plans. This will help drive our climate engagements, whether through follow-ups with companies implementing a credible strategy or by pushing those with an insufficient ambition to do more.

Engagement themes

Nature and biodiversity ▶▶▶

Benoît Galaup
ESG Analyst Nature & Biodiversity

2024 marked another crucial year for nature and biodiversity. The unprecedented participation from the private sector at the Convention on Biological Diversity COP16 confirmed that biodiversity is becoming a strategic priority for both corporates and investors.[17] Several announcements, new standards, frameworks, and commitments reaffirmed the growing momentum and mobilisation around biodiversity action.

More and more businesses recognised the potential of nature-related disclosure as a catalyst for action. Many businesses have committed to adopting the disclosure recommendations of the TNFD. Meanwhile, in Europe, the Corporate Sustainability Reporting Directive (CSRD)[18] is about to drive greater corporate transparency on nature. At AXA IM, we also believe reporting is essential and strive to lead by example.

This commitment led to our engagement reporting being highlighted as a best practice in the Finance for Biodiversity Pledge signatories' reporting guidance.

2024 also marked significant progress on biodiversity metrics and data with several data providers launching new biodiversity solutions and other datasets being enhanced (e.g. ENCORE). Nature target-setting and transition planning also became a stronger priority as, for the first time ever, the Science Based Targets Network officially validated several nature targets developed by corporates. 2024 also saw the publication of the first strategies as part of the 'It's Now for Nature', a global campaign dedicated to promoting business action on nature. Additionally, with the contribution of AXA IM, the Finance for Biodiversity Foundation published a framework to guide asset managers and asset owners in the process of setting nature targets.

The year 2024 also marked significant advancements in the development of financial instruments supporting biodiversity. Biodiversity credits gained momentum, highlighted by the publication of a high-integrity framework from the International Advisory Panel on Biodiversity Credits. Additionally, biodiversity bonds were introduced, including Colombia's issuance at COP16. Progress was also recorded in debt-for-nature swaps, with countries like Ecuador and the Bahamas leveraging these mechanisms to restructure debt while funding environmental conservation initiatives.

Despite these promising developments and the growing momentum, biodiversity remains a niche issue within the private sector. To meet global biodiversity goals, it must be further mainstreamed across the broader business community. We firmly believe that our engagement activities play a crucial role in this effort, fostering constructive, long-term dialogue with the companies we invest in to promote biodiversity integration and mainstreaming.

2024 Engagement activities mapped to biodiversity pressures[21]

Pressure	Share of total biodiversity engagements
Land use change	32%
Pollution	47%
Over-exploitation of natural resources	21%
Invasive species	0%

Source: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, AXA IM, end of 2024.

Our engagement goals and activity

In 2024, our engagement approach to biodiversity was centered on aligning our efforts with both established and emerging knowledge on nature and biodiversity. Our priority was to target sectors with the highest biodiversity impacts. Therefore, we conducted a biodiversity footprint analysis[19] using Corporate Biodiversity Footprint (CBF) data from our partner, Iceberg Data Lab (IDL). These insights, supplemented by external studies, enabled us to establish an engagement priority list, targeting in particular:

- The agrifood sector, widely recognised as a significant contributor to biodiversity loss,[20] represented approximately 33% of all biodiversity-related engagements. This sector was also identified as a material contributor through a TNFD pilot study we conducted. While deforestation and ecosystem conversion remained the

[17] Benoît Galaup (AXA IM), November 2024, COP16: Important outcomes despite crucial issues unresolved.
[18] Entered into force in January 2023, the Corporate Sustainability Reporting Directive (Corporate Sustainability Reporting Directive 2022/2464/EU) requires large companies and listed SMEs (including non-EU companies if they generate over EUR 150 million on the EU market) to report on sustainability risks, as well as how their activities impact people and environment ('double materiality' principle), according to the European Sustainability Reporting Standards (ESRS). First CSRD-compliant reports are expected to be published in 2025.
[19] For more details, the results of the 2024 biodiversity footprint exercise we conducted across our portfolio of listed assets is available at AXA IM, 2024, 2023 TCFD/ Article 29 report.
[20] Excluding greenhouse gas emissions discussed in previous section. Note that several biodiversity pressures may apply to a single engagement.
[21] AXA IM, May 2023, Feeding the World and Protecting the planet: A biodiversity and climate challenge for investors.

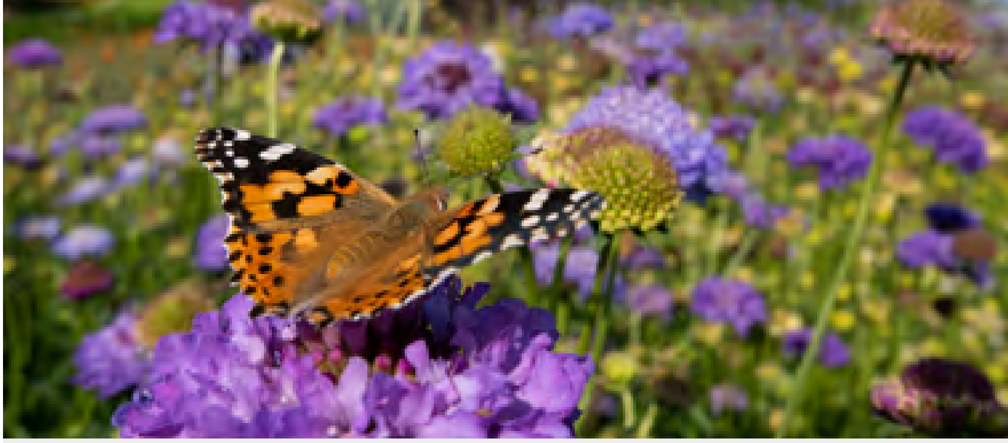
central engagement theme, we started engaging companies on regenerative agriculture, a globally recognised solution to multiple crises, including biodiversity loss, climate change, disturbance of water cycles, and social challenges.

- The chemical sector, a significant priority for AXA IM, representing around 22% of our biodiversity-related engagements. Leveraging our active participation in the IIHC, we encouraged several companies to improve transparency on hazardous chemicals portfolios, phase out persistent chemicals, and develop safer alternatives.

- Companies manufacturing products such as cosmetics and toiletries, packaging, and electrical equipment were also an important area of focus.

We initiated or deepened dialogues with investee companies operating in those sectors to encourage them, first and foremost, to reduce the negative impacts of their activities on biodiversity and, where feasible, to contribute to its restoration. Our active participation in several collaborative engagement initiatives, including the EMIA, the IIHC, the Farm Animal Investment Risk and Return (FAIRR) initiative, and NA100, has enabled us to join forces with other investors committed to advancing biodiversity.

These discussions are invaluable opportunities for us as investors to guide them in designing science-based strategies that align with the latest standards, knowledge, and best practices. They also offer a unique opportunity to enhance our understanding of this complex issue by exploring the challenges companies face at the local scale, which is essential for addressing biodiversity effectively.



Case Study BHP

Engagement with objectives

Commences | **Company responds** | Escalation | Progresses | Success | Fails

Engager: Responsible Investment Research
Asset class: Equity, Fixed Income, Multi-Asset

We began engaging with BHP on biodiversity in 2022 through one-on-one dialogue. At the time, our objective was to understand BHP’s overall readiness to act on what was then a new and complex topic. In 2023, our dialogue evolved, influenced by the adoption of the Post-2020 Global Biodiversity Framework in December 2022. With growing momentum around biodiversity, the primary engagement objective shifted toward encouraging the company to establish a robust biodiversity and nature protection strategy.

Later in 2023, we joined the investor group NA100 that launched the collective engagement initiative aimed at driving corporate action on nature across six investor expectations: ambition, assessment, targets, implementation, governance, and engagement. NA100 identified BHP as a target company due to its role in the metals and mining sector, a key area for reversing nature and biodiversity loss by 2030. Consequently, we transitioned to a collective engagement approach, acting as co-leads. We initiated this collaboration by sending a letter signed by NA100 investors, introducing the initiative and welcoming initial dialogue.

In 2024, we held our first meeting with BHP following its written response. Our priorities included understanding how BHP's nature-related targets align with its internal assessments, examining governance structures, exploring public policy engagement, and assessing the company’s willingness to align with external standards. To implement its 2030 Healthy Environment Goal, BHP highlighted its focus on identifying site-level biodiversity indicators and highlighted its piloting of the TNFD LEAP approach, which we view as a positive development. They were receptive to our feedback on enhancing disclosure practices and developing nature advocacy activities.

We found this initial engagement both productive and insightful, laying a strong foundation for a constructive dialogue on nature and biodiversity. As a follow-up, we will provide specific recommendations on enhanced disclosure for full-year 2024 reporting, as requested by BHP, and will continue the dialogue to support their progress on nature-related initiatives.

Engagement themes

Nature and biodiversity

Case Study Prysmian

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: Responsible Investment Research
Asset Class: Equity, Multi-Asset

In 2024, we began engaging with Prysmian as part of our biodiversity footprint-guided engagement program. The primary objective was to encourage the company to set at least one nature-related target within its sustainability scorecard and to strengthen the integration of biodiversity and water considerations into its base metals procurement strategy. This engagement also provided an opportunity to exchange views on the results of its materiality analysis.

The company confirmed plans to enhance its sustainability targets, including setting a nature-related target in the future, and acknowledged challenges in defining a biodiversity measurement approach suitable to corporate-level monitoring. We proposed starting with separate measurement of pressures, beginning with water. We also recommended voluntary commitment initiatives as a way to structure its biodiversity strategy.

Water footprint and circular economy in the supply chain emerged as key discussion themes. We suggested incorporating biodiversity and water risks into Prysmian's supply chain ESG strategy, which currently focuses primarily on climate. Prysmian highlighted copper as a significant priority given the volumes it procures and expressed interest in progressively integrating water consumption as a parameter for assessing new and existing suppliers. They shared that they were testing approaches, including regional mapping of supply chains, to better understand their upstream water footprint.

Finally, we discussed Prysmian's approach to protecting and restoring marine biodiversity in its offshore installation projects. The company demonstrated maturity in implementing measures to avoid, mitigate, and offset negative impacts, such as protecting Posidonia, monitoring marine mammals, and using bioactive concrete for marine biodiversity restoration. Beyond managing impacts, Prysmian is working on achieving a 10% biodiversity net gain in its U.K. projects as required by national law, which we encouraged it to replicate in other jurisdictions. We will continue the dialogue to support its progress on setting nature targets and including biodiversity and water into its base metal procurement strategy.

Case Study Vinci

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: Responsible Investment Research
Asset Class: Equity, Fixed Income, Multi-Asset, Structured Asset

We began engaging with Vinci in 2022 as part of our biodiversity footprint-guided engagement program. The primary objective was to encourage the company to update and implement a biodiversity strategy that aligns with its key biodiversity impacts. After sharing the results of our biodiversity footprint assessment, we engaged in an in-depth discussion with Vinci, focusing on the environmental pressures identified by our data provider and actionable levers to reduce them. Interestingly, the findings closely aligned with Vinci's internal assessments. This provided an opportunity to discuss how we, as investors, use biodiversity footprinting tools and to clarify our expectations regarding metrics, which Vinci was keen to understand. We strongly advised the company to communicate on indicators that would enable stakeholders to monitor progress in minimising negative impacts on biodiversity.

Continued dialogue in 2023 enabled us to track progress on the development of an updated strategy and exchange views on the challenges Vinci faced as they arose. These challenges included reconciling bottom-up and top-down measurement approaches, harmonising them across its diverse group operations, and communicating a cohesive strategy.

In 2024, we discussed Vinci's progress in developing its biodiversity strategy and offered feedback on its structure to address the heterogeneity of the group. Specifically, we recommended organising the strategy by biodiversity pressure relevant to each trade, ensuring alignment with the mitigation hierarchy, and clearly distinguishing efforts to minimise negative impacts from positive contributions.

Overall, Vinci appeared receptive to the information and feedback provided, demonstrating shared perspectives on key issues. The recent update to Vinci's biodiversity strategy, which aligns with our key recommendations, confirms that this engagement has yielded tangible progress.

Case Study Bunge

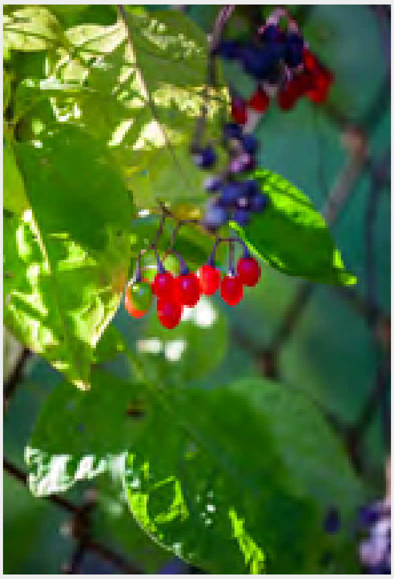
Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: **Responsible Investment Research**
Asset class: **Equity, Fixed Income, Multi-Asset**

We chose to engage collaboratively with Bunge in 2023 on ongoing deforestation and conversion risks in its soy supply chain after potential weaknesses regarding its policies and practices were raised by an external report.[22] The primary objective of this engagement was to encourage Bunge to develop a strategy and mechanisms to effectively prevent, identify, and treat any case of deforestation or ecosystem conversion in its supply chain, enabling the company to reach its 2025 Zero Deforestation Goal. We met with the company and sent a joint letter encouraging Bunge to better address on-going risks. We had hoped for a greater level of practices and commitments by the company in response and therefore decided to escalate further to urge greater company action.

We co-filed a shareholder resolution for the company's 2024 AGM, requesting Bunge to deal with these risks conditioned by its existing policies. Alongside fellow co-filers, we withdrew the resolution in exchange for Bunge's formal commitment to report on deforestation and conversion risks in its supply chain and take immediate corrective action to protect tropical ecosystems. We consider this as an engagement progress as Bunge agreed to re-examine the risks raised and implement corrective measures. Bunge also committed to 100% geospatial monitoring for soy and enhanced disclosure of traceability of indirect suppliers which we believe will aid the company in reaching its zero deforestation commitment. The scope of the agreement reached covers legal and illegal activities, as well as native vegetation conversion.



While cautiously hopeful regarding the outcomes, we will continue to monitor the company's mitigation of deforestation and conversion risks. To maintain some sort of pressure on the company to deliver on its commitments, we opposed its sustainability report at the 2024 AGM. We intend to continue the engagement in order to monitor the delivery of commitments garnered and ensure deforestation and related risks are being adequately addressed.

Outlook for **2025**

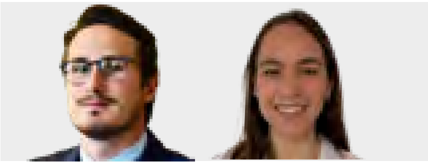
Deforestation will likely remain a high priority and we will continue encouraging issuers to strengthen deforestation and conversion-free commitments and disclosure to track progress. For issuers that have reinforced their commitments, the focus will be on concrete actions and implementation mechanisms to deliver on objectives. The implementation of the EU Deforestation Regulation (EUDR), initially expected to take effect in 2024, is now projected for 2025 and is anticipated to drive significant progress in addressing deforestation-related issues. More generally, the publication of the first CSRD reports in 2025 is expected to enhance corporate transparency regarding nature, which should facilitate engagement efforts.

In 2025, the business momentum around biodiversity action is expected to intensify, with key events contributing to this shift including the resumed 16th UN Biodiversity Conference COP16, set to reconvene in February 2025, or the UN Ocean Conference (UNOC) which will bring increased focus to marine biodiversity. We remain committed to exploring additional engagement themes, including regenerative agriculture, oceans, circular economy, pollution, and water.

[22] Mighty Earth, June 2023, Saving the Cerrado: Why Bunge, Supermarkets and Governments Must Act Fast.

Engagement themes

Social



Matthieu FIRMIAN RI Research, ESG Analyst – Social
Anaïs EL KASM RI Research, ESG Analyst

We believe it is key to consider the 'S' in ESG and to ensure companies act responsibly as employers, suppliers of goods and services, and as stakeholders in society. Our view is that companies failing to adequately do so are likely to face higher risks in terms of productivity, litigation - with heightened regulatory risks due to upcoming regulations in Germany, U.S., and the EU[23] - and reputation, which could ultimately affect financial performance and investment returns.

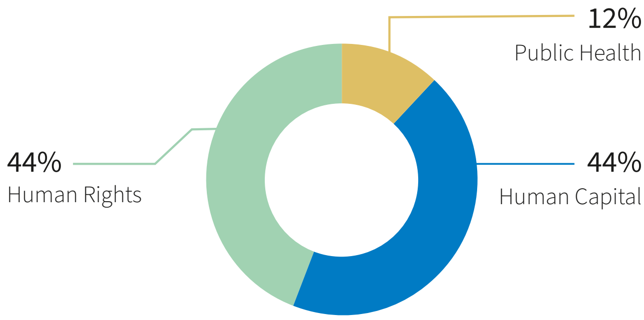
At AXA IM, we focus on the following risks:

- Human capital management and social relations, with a focus on diversity and inclusion and human capital development.
- Human rights-related risks, focusing on risks of forced labour and child labour in supply chains.
- Public health issues, detailed in the following section.

In 2024, feeding off our research work published in 2023,[24] we also stepped up our engagement efforts on living wages (i.e. wages that are sufficient to meet basic needs and lead a decent life), which, by fostering retention and motivation, can translate into increased productivity and reduced turnover rates. We engaged seven companies on this issue in 2024 and joined the Platform on Living Wage Financials to encourage companies in the agrifood sector to enable living wages in their global supply chains. We are also supporting the Good Work Coalition organised by ShareAction, which aims to promote the adoption of a real living wage for all employees, including third-party staff across U.K.-listed companies, with a focus on U.K. retailers.

These risks cannot all be handled in the same way, but instead require a deep dive into corporates' policies and actions. Ongoing dialogue with companies therefore remains crucial, to go beyond public communications and better understand and reduce controversy-related risks for companies.

Social engagements per sub-theme



AXA IM, end of 2024 – all (social) engagements.

[23] German law on due diligence adopted in 2022, Uyghur Forced Labour Prevention Act (UFLPA) introduced in the US in 2022, which prohibits the import of products from Xinjiang and its affiliates linked to forced labour, the Corporate Sustainability Due Diligence Directive (with a degree of uncertainty about the potential upcoming omnibus) and directive on the import of products alleged to have benefited from forced labour in the EU.
[24] Matthieu Firmian (AXA IM), September 2023, Why living wages should be considered a driver of human capital value, not a cost; Alexandre Post (AXA IM), November 2023, Mind the gap: Investors' role in balancing fairness and competitiveness in executive pay.

Case Study Ocado

Engagement with objectives

Commences | Company responds | Escalation | **Progresses** | Success | Fails

Engager: Corporate Governance Research
Asset class: Fixed Income, Equity, Multi-Asset
Engagement sub-theme: Living wage

As part of the Good Work coalition, we met with Ocado's head of reward and people director twice in 2024. Our goal was to push the company towards getting the real living wage accreditation.

In our initial meeting, we sought to understand Ocado's approach to pay and explored the challenges Ocado faced in achieving accreditation. Ocado highlighted several concerns, including the impact of the external wage setting on its operations while the company prefers to work with unions to determine pay rates, also taking into account competitor wages. It noted that a significant portion of the workforce already earns above the living wage due to a combination of premiums, incentives, and benefits.

Our second meeting with Ocado gave us the opportunity to reiterate our desire to see the company getting the living wage accreditation, and sought to understand its impact on company costs and sales. Following-up on our first meeting, the company provided the percentage of their workforce earning the real living wage when premiums are included, and confirmed the living wage accreditation issue was discussed at board level – which is already a significant step. Yet, the board has decided against it in line with the principles of independence and flexibility included in Ocado's broader approach to pay.

Ocado has shown some responsiveness to the coalition's demands. If implementing the real living wage across the company remains an issue, Ocado's approach illustrates the complexity of the issue and underscores the importance of long-term collaboration with companies to highlight the broader benefits of adopting this standard, rather than solely demanding accreditation.

Our ultimate goal is to find a balance between business realities and philosophy, and to improve the company's compensation practices for their employees. Therefore, we will continue to engage with Ocado in 2025, monitoring developments following the implementation of the new budget as well as progress made in matching the real living wage rates.

Engagement themes

Social

Case Study LVMH

Engagement with objectives

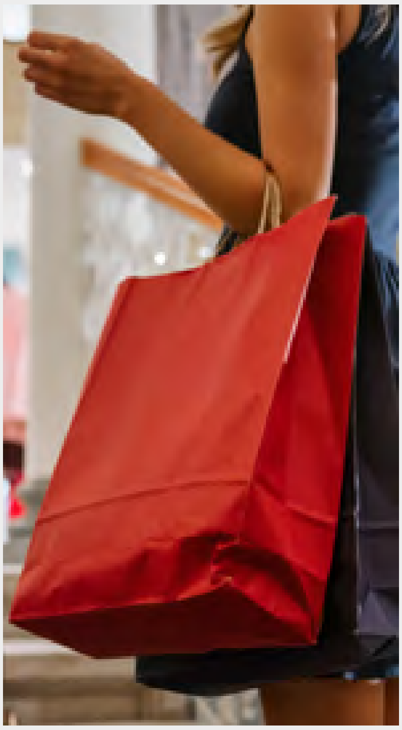
Commences | Company responds | Escalation | **Progresses** | Success | Fails

Engager: Responsible Investment Research
Asset class: Equity, Fixed Income, Multi-Asset, Structured Asset
Engagement sub-theme: Forced Labour, Child Labour

We started engaging LVMH in 2023 on its policies to prevent risks of child labour and forced labour, which is particularly salient - including from a reputational point of view - for companies operating in the luxury sector.

We met the company three times since 2022, aiming for the company to improve its due diligence policies in order to reduce the risk of forced labour and child labour in its supply chains based on the gaps we identified as part of an analysis grid we co-created with the non-government organisation Human Resources Without Borders. One of the main challenges for the company relates to its highly decentralised structure along with the numerous sectors it operates in, leading to different levels of maturity across the various business units, also known as 'maisons'.

The dialogue is open and constructive, and we note improvements in its practices including the hiring of resources dedicated to the group vigilance plan, as well as a new governance at group level, with a member of the executive committee in charge of monitoring and coordinating the various maisons human rights policies, enabling leverage on the maturity of some to share best practices across the group.



Moreover, the company committed to publish a new human rights policy in 2025 that should consider our recommendations. We will monitor its publication and will continue engaging the company based on this updated policy.

Outlook for 2025

We see the integration of the 'S' pillar developing as a cross-cutting theme. Even if political uncertainties may reduce ambitions on different regulations related to sustainability disclosures and due diligence compared to initial plans, we continue to believe in a gradual shift from a purely net zero focus to a more holistic perspective. Scrutiny on workers' rights should continue to span across sectors, particularly to those most affected by a profound change of skills, such as the automotive industry where we are seeing a shift to electric vehicles.

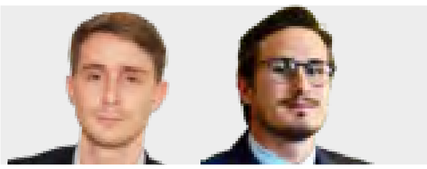
The theme of Just Transition should continue to grow, embedding both the energy transition and its impact on people. Modern slavery, living wages, working conditions, unionisation, and social dialogue are structural issues that have been to some extent overshadowed by climate concerns until recently - but investors are starting to consider these more seriously, as echoed by a growing number of shareholder resolutions at company annual meetings.

With the help of CSRD, investors will have the opportunity to get access to more comparable data on social factors for companies operating in the EU. We believe that we will need several years to see a satisfactory level of maturity. Active stewardship on that front will continue to be an important tool for us investors to help companies to shape their reporting. We'll encourage corporates to see this data as opportunities rather than a burden.


Project Schedule

Engagement themes

Public Health



Lorenzo Schinelli AXA IM CORE Impact Analyst
Matthieu Firmian RI Research, ESG Analyst – Social

Approximately one-third of the world's population lacks access to essential health products, including medicines, vaccinations, and diagnostic tools. The limited access to quality health products poses significant risks to improvements of standards of living, endangering patients and contributing to the rise of drug resistance. In low and middle-income countries, medicines and health products represent the second-largest expenditure for most health systems and the largest component of private health spending.

The rapid increase in antimicrobial resistance (AMR), driven by the excessive and inappropriate use of antimicrobial agents for treating, preventing, and controlling infections in humans, animals, and plants also carries significant economic costs and poses risks across various sectors, from healthcare and pharmaceuticals to travel and leisure. Indeed, if antimicrobials lose their effectiveness, illness and mortality rates could rise dramatically. Such a shift would adversely affect economic productivity due to a diminished effective labour force. According to estimates from the World Bank, the direct economic consequences of declining public health could result in a global economic output reduction of between 1.0% and 3.2% by 2030.

At AXA IM, we actively engage (12% of our social-related engagements in 2024) with our investee companies to encourage them to address these public health-related issues. Yet, we understand that they cannot be resolved through corporate engagement alone as it necessitates collective efforts from policymakers and the global investment community. Hence, we:

- Became the first asset manager to fund the Access to Medicine Foundation in 2020. This independent non-profit organisation is dedicated to improving access to medicine and combating drug-resistant infections. Over the years, the foundation has established itself as a key interlocutor for both companies and policymakers, significantly enhancing our engagement efforts.
- In September 2024 coinciding with the 79th United Nations General Assembly, we hosted the foundation's High-Level Event on Access to Medicines and Global Health Equity in New York. The event brought together more than 30 senior leaders from the pharmaceutical and investment community to discuss the integration of access planning frameworks into business strategies and their impact on global healthcare equity.
- Signed the Investor Action on AMR's investor statement outlining seven requests for global policymakers to address AMR. These requests included science-based guidance and targets, effective stewardship with a 'One Health' approach, integrated surveillance of drug use, funding for research and development (R&D) of new antimicrobials and alternatives, and ensuring equitable global access.
- Individually engaged companies in diverse sectors, including pharmaceuticals, diagnostics, and animal farming to raise awareness around AMR-related risks, encourage corporate action, and support companies offering meaningful solutions to combat AMR.

Case Study Gilead Sciences

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: **ESG & Impact team**
Asset class: **Equity, Fixed Income, Multi-Asset, Structured Asset**

In 2024, we started engaging with Gilead, a U.S.-based pharmaceutical. Originally focused on virology, the company has expanded its portfolio to include antifungal therapies, which are particularly relevant in the context of AMR. Moreover, the company is held in several of our impact-driven portfolio strategies.

We met with the public affairs and investor relations team, to push for further disclosure on how the company's access-to-medicine strategy is part of its wider business model and for greater transparency regarding product pricing and impact.

Gilead explained that it has begun tracking the number of patients treated with its key therapies, reporting that over 20 million individuals have benefited from HIV treatments and more than 5 million have been cured of hepatitis C. The company also runs access programs aimed at reaching marginalised communities, with notable examples from Georgia and Southeast Asia. Gilead confirmed its intention to enhance disclosure regarding patient reach, as well as to provide additional data on treatment efficacy and long-term health outcomes.

The company also underscored its voluntary licensing efforts, agreements that allow generic versions of patented medicines to enter the market through alternative suppliers, specifically for HIV, hepatitis C, and COVID-19. This initiative is crucial to scaling up production and increasing access, especially given the company's smaller size compared to its major competitors. A global patient solutions team collaborates with the intellectual property team to establish voluntary licensing agreements, ensuring that the company can effectively track the impact generated and the number of patients reached through these agreements.

Overall, we appreciated Gilead's responsiveness and commitment to ongoing discussions. We plan to follow up on our engagement to monitor further improvements in access to its medicines and impact measurement.

Case Study BioMérieux

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: **ESG & Impact team**
Other participating teams: **Portfolio manager, Healthcare**
Asset class: **Equity, Multi-Asset, Structured Asset**

In 2024, we engaged with BioMérieux, a French provider of in vitro diagnostics for medical and industrial applications, as part of an engagement plan focused on AMR. Our overarching goal is to raise awareness of this pressing global health issue, encourage corporate action, and support companies offering meaningful solutions to combat AMR. For Biomérieux specifically, our objective is to push for improved disclosure on AMR-related impact metrics in its annual and sustainability report.

BioMérieux prioritises AMR in its materiality assessment, allocating approximately 80% of its revenue and 75% of its R&D budget to AMR-related projects. Prevention and appropriate antibiotics use are increasingly recognised as the most effective and cost-efficient strategies to combat AMR. In this context, BioMérieux is forging partnerships, including one with the Biomedical Advanced Research and Development Authority (BARDA) in the U.S., to secure funding for new diagnostic tests. Additionally, BioMérieux is assisting pharmaceutical companies in creating new antibiotics by providing testing methodologies to evaluate therapy efficacy on susceptibility and resistance. This support also enables BioMérieux to deliver valuable insights to guide physicians' prescription decisions. BioMérieux also shared the initiative launched in 2022 with hospitals to enhance antimicrobial stewardship (AMS) by establishing AMS Centres of Excellence in various institutions. BioMérieux supplies diagnostic solutions to these centres, which, in turn, disseminate their findings and raise awareness about AMR within the scientific community.

Overall, we note BioMérieux's significant level of commitment and the actions taken to tackle AMR, which are seen as best practices in the industry. The insights gained during our discussion will be valuable in guiding our future engagements on the topic with pharmaceutical and diagnostics companies.

Engagement themes

Public Health

Case Study Nestlé

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: RI Research
Asset class: Equity, Fixed Income, Multi-Asset

At the April 2024 AGM of Swiss-based Nestlé, one of the world's largest companies in the agrifood sector, we were asked to vote on a resolution filed by a group of investors, coordinated under the Long-term Investors in People's Health initiative (LIPH) of non-government organisation ShareAction, and requesting the company to report and set targets to increase sales of healthy foods.

Although concerned by the resolution's scope (requesting an amendment to the company's bylaws), we ultimately decided to support the proposal to push the company to review and enhance its methodology to classify healthy products. Disappointed by the resolution's score (approximately 11% of support), we decided to join an engagement with Nestlé initiated by members of the LIPH. Following the change in company chief executive, we co-signed a private letter addressed to the new chief executive requesting to re-set the discussions on health, leading to an in-person meeting at the end 2024.

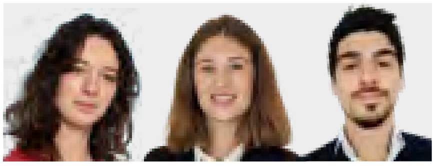
During this meeting, we were able to discuss the company's view on growing healthier products, express some concerns on risks of exposure to unhealthy products, and the opportunity to improve its disclosure with regards to healthy product classification.

Overall, although we see Nestlé as performing relatively well compared to its peers both in terms of disclosure and product portfolio, its considerable size grants the company substantial influence to evolve market practices.

The new chief executive shared with us his desire to contribute both by providing affordable diets to people suffering from malnutrition and at the same time manage weight to fight obesity. The dialogue was positive as the company listened to our recommendations and confirmed its openness to continue the dialogue.

Engagement themes

Corporate Governance



Héloïse Courault, Constance Caillet and **Alexandre Prost**

AXA IM Corporate Governance & Stewardship Analysts

Our engagement goals

At AXA IM, we believe sound corporate governance creates the framework to ensure a corporation is managed in the long-term interest of its stakeholders. It is a pre-requisite for sustainable performance and for the successful integration of environmental or social issues in corporate strategy. This is why engagement around corporate governance represents such a large chunk of our engagement activities (25% of our Engagement with Objectives in 2024).

When engaging with investee companies, we focus on the main themes described in our Corporate Governance & Voting Policy – including board composition and effectiveness, sound remuneration structure and preservation of shareholder rights. We prioritise our largest holdings, or companies where we have identified a material issue in governance.

Among the overarching principles of our Corporate Governance & Voting policy lies our strongly held belief that we must use our influence as a responsible investor to actively promote the highest governance standards, while considering local and company specificities as much as possible. We do this by:

- Contributing to industry working groups and technical committees, such as the Global Governance Committee of the IGCN and the Corporate Governance Committee of the French Asset Management Association (AFG)
- Actively participating in local investor groups to deepen our knowledge of a specific market, such as the Investment Committee of Italy-based Assogestioni, or the Dutch association Eumedion

Our engagement activity

This year, we focused our discussions with companies around themes that shaped the 2024 season, including:

- Executive pay and its potential impact on listing attractiveness
- Sustainability governance, during a year where large companies globally are preparing for the publication of their first CSRD-compliant non-financial reports
- Protecting shareholder rights, which are particularly undermined by the 'race to the bottom' between financial marketplaces to attract public listings

Executive remuneration

Remuneration has once again been an important topic this AGM season, particularly in the U.K. where investors' stance on pay quantum was under fire for potentially damaging U.K. companies' ability to attract and retain key executives against the competition of other markets (including the U.S. and private equity). This led some U.K. companies to introduce unusual plans such as restricted shares or hybrid plans.

In this context, we at AXA IM believe that blindly applying strict guidelines and a 'one-size-fits-all' approach would be detrimental to the company's long-term success – but we also call for caution, as company boards could take this opportunity to propose unwarranted bigger pay increases. We will therefore remain in solid opposition to poor disclosure and continue to investigate the quality of financial and non-financial information, including ESG metrics. We will also continue to oppose significant increases in opportunity without justification and any clear disconnect in 'pay for performance' resulting from either discretionary or unjustified one-off awards.

Case Study Ashtead

Sustainability dialogue

Engager: Corporate Governance Team
Asset Class: Equity, Fixed Income

In March 2024, we met with Ashtead's chair and the chair of the Remuneration Committee to discuss the company's new remuneration policy, with a particular focus on the unconventional approach proposed for variable pay.

Ashtead was considering increasing the maximum award levels for the Long-term Incentive Plan (LTIP), raising the chief executive's limit from 350% to 700% of salary, and the chief financial officer's from 225% to 300% of base salary. The company justified these adjustments by stating that the revised award levels would align total compensation packages more closely with competitive market standards (based on both U.K. and U.S. norms). Additionally, Ashtead proposed that U.S.-based executive directors be included in the new Restricted Stock Units (RSU) plan alongside other eligible employees.

We expressed concerns that these plans could drive executive compensation upward and widen the pay gap, potentially setting a precedent for remuneration structures motivated by peer comparison rather than practical company-level changes. Yet, we do acknowledge Ashtead's specific situation, with its business being almost exclusively U.S.-based and its U.S.-based chief executive, together with the significant retention risk.

Listening to the company's approach and very specific context led us to support the company's proposal, which, while far from U.K. standards, has some merits in trying to find an appropriate balance between two different markets and realities.

Case Study Universal Music Group

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | **Fails**

Engager: Corporate Governance Team
Asset Class: Equity, Multi-Asset, Structured Asset

We first reached out to Universal Music Group (UMG) in 2022, upon publication of its first remuneration report as an independent company following its spin-off from the French company Vivendi. While UMG is listed in the Netherlands, its remuneration practices are more similar to those of the U.S., where the company's key executives were initially located.

Since then, we repeatedly expressed over e-mail our concerns to UMG's investor relations teams regarding the chief executive's pay quantum and structure, which we deemed disconnected from European standards and from the company's performance. We also communicated our intention to vote against the remuneration report since the company's first AGM in 2022, and subsequently the re-election of the Remuneration Committee chair in 2023. All our attempts to engage have remained unanswered, and the company's evolution in remuneration practices have failed to address our concerns. Moreover, the 2023 AGM results - leading to majority opposition to the re-election of the Remuneration Committee chair, which was unexpected given the company's shareholding structure - may reflect potential disagreements between strategic shareholders.

Therefore, in 2024, we decided to substantially downgrade the company's 'G' pillar, which we consider overrated by our rating provider based on our observation that the company's problematic executive pay practices are a sign of excessive board leniency towards the chief executive leading to risk of poor board oversight of management actions. This downgrade was also the opportunity to share our in-depth analysis of the company's governance directly to the wider AXA IM investment teams.

Engagement themes

Corporate Governance

Governance of Sustainability
Appropriate governance, including at board level, is key to ensuring sustainability is embedded in strategic decisions, and is (rightly so) at the core of the CSRD, which will significantly impact how firms report on the governance they have in place and on how they monitor, manage, and oversee sustainability matters, with specific reporting requirements on the roles, responsibilities, and skills of board of directors with respect to sustainability matters, as well as on the integration of sustainability-related performance in management incentive schemes.

Companies' preparedness to the publication of their first CSRD-compliant non-financial reports has therefore been a key topic of conversation with investee companies in 2024, ESG oversight and reporting being addressed in 43% of our corporate governance-related engagements this year.

We have seen varying degrees of readiness to the new requirements during our CSRD-focused dialogues. Below are selected examples of what we consider best practices regarding the key dimensions of CSRD, including stakeholder outreach in the context of the double materiality assessment, sustainability assurance, and board oversight of CSRD implementation.

Case Study

Sustainability dialogue

Engager: RI Research, Corporate Governance
Asset class: Fixed Income, Equity, Multi-Asset, Structured Asset
Sub-theme: Stakeholder outreach

CSRD reporting requirements are based on the results of a double materiality assessment, which aims to identify the most financially and/or impact-related material sustainability issues. As part of this assessment, it is recommended that companies reach out to their stakeholders to understand their views.

In this context, we were contacted by some companies to respond to dedicated surveys requesting us to list various sustainability topics according to their materiality. We have reservations as to the quality of the outputs they will ultimately generate, especially in the absence of any follow-up discussion or possibility to add qualitative insights. One company, however, stood out with well-organised, outcome-driven stakeholder outreach by organizing a three-hour long event, attended by representatives of AXA IM corporate governance and responsible investment teams, along with various other stakeholders including civil society, business partners, clients and suppliers.

The event started with an overview of the company's sustainability strategy from the chief sustainability officer, and of the CSRD's main requirements by the head of sustainability of the company's auditor. Participants were then split into various roundtables (each organised around a specific sustainability issue including climate change, health and safety, natural resources, human capital, and governance) attended by several of the company's topic experts, to collect views from the various stakeholders present.

Overall, we appreciated the company's clear willingness to better understand the different expectations of the various external stakeholders, and a visible objective to get insights that are as qualitative as possible.

Case Study

Sustainability dialogue

Engager: **Corporate Governance**
Asset class: **Equity, Fixed Income, Multi-Asset**
Sub-theme: **Sustainability assurance**

The directive requires non-financial reports to receive external limited assurance, shedding light on the role of sustainability auditors to ensuring reliability of the information reported. The company's choice of auditor to review its non-financial report has been a key focus of our discussion: given the current industry challenges (lack of maturity of sustainability assurance standards, market concentration, and competition for resources), and in a context where the large majority of companies we were in discussion with opted for their financial auditor to review their non-financial reporting, we were keen to understand the rationale behind the company's choice and whether the selection process for the sustainability auditor was sufficiently robust.

We had interesting exchanges over the course of 2024 with a French company, which submitted at its 2024 AGM the appointment of one of its financial auditors as sustainability auditor for a one-year term. At the time, it explained to us that, considering the timing of the CSRD transposition into French law, the company did not have sufficient time to launch a public tender offer before its AGM to select a sustainability auditor, which is why it had opted for a one-year only mandate. We discussed the benefits of having the financial auditor (but potentially risking the auditor's independence) versus a Corporate Social Responsibility (CSR)-specialised firm (but with fewer resources). We then re-discussed this issue during a second meeting at the end of 2024, where the company confirmed it will be launching a tender offer ahead of its 2024 AGM, and explained the discussions held during board meetings, but also the debates occurring between the financial and non-financial teams of the current auditor, challenging themselves on the reporting scope during CSRD-specific meetings where both the financial audit partner and the sustainability teams were present.

The conversation was particularly open and transparent. The fact that such an issue was debated at length by the board gave us confidence in the robustness of the sustainability auditor's selection process.

Case Study

Sustainability dialogue

Engager: **Corporate Governance**
Asset class: **Equity, Multi-Asset, Structured Asset**
Sub-theme: **Board oversight of CSRD**

Although we acknowledge the massive reporting effort CSRD requires from companies, strategic opportunities can also result from companies' in-depth double materiality assessments and supply chain analysis. In that respect, we are attentive to the governance around CSRD implementation. In our view, collaboration between various operational teams, oversight from the chief executive, and regular updates to the board are key to ensure CSRD implementation moves from a mere compliance exercise to a strategic enabler.

A good example of this is our recent conversation with a Belgian pharmaceutical company, with which we discuss its governance of sustainability since 2022. This company does not have a dedicated committee at board level but rather has an external advisory board, acting as an adviser to the company's management and the board.

What we sought to understand in our 2024 dialogues with this company is whether and how CSRD preparedness had impacted the company's sustainability governance: although it remains a matter for the entire board, the issue at stake for the company was to further increase the board's level of engagement to ensure material sustainability items are consistently included in board meetings agendas. The audit committee's sustainability skills will be reinforced, and the Governance and Nomination Committee is now tasked with ensuring that the board has access to the necessary knowledge (with formal trainings to be organised in the course of 2025). The external advisory board was involved in the double materiality assessment to discuss and challenge both the process and the results. Involvement of the company's executive committee in sustainability matters was also reinforced, each member now sponsoring a specific theme linked to the double materiality analysis to signal the materiality of the issue to the entire organisation.

We appreciate the clear description of each of the company's governance bodies involvement in the oversight of CSRD and sustainability reporting, a positive signal – in our view – of integration of sustainability in the company's strategy and business operations.

Engagement themes

Corporate Governance

Preserving shareholder rights

Due to concerns around a perceived lack of competitiveness in European and public markets, this year we have endured a notable deterioration in some of our key rights as shareholder – corporate governance standards wrongfully seen as an obstacle to listing. Notable evolutions include:

- The development of multiple voting rights in the U.K. (as part of the revision of the Financial Conduct Authority's (FCA's) Listing Rules) and in Europe, with the adoption of a directive on multiple vote share structures, along with local legal provisions introduced in France, Germany and Italy. We expressed our concern on several occasions that multiple voting rights would grant beneficiaries (most often the company's founders or management teams) control over AGM outcomes, which could reduce companies' accountability towards shareholders, including by signing ICGN Statement on High Standards of Corporate Governance and Investor Protections as Pre-requisites for U.K. Capital Market Competitiveness and Growth.

- The evolution in the AGM format, with the Italian government formalising the possibility for companies to hold their AGM behind closed doors this year. At AXA IM, our position is clear - the physical presence of shareholders at companies' AGMs contributes to board and management accountability to shareholder concerns, especially during a governance crisis. Moreover, the AGM remains, for smaller shareholders, one of the only opportunities to meet and debate with company management, thus contributing to a quality shareholder dialogue. We have therefore opposed all 26 resolutions requesting to hold the AGM behind closed doors and met with four Italian companies specifically to explain the rationale behind our opposition to this resolution.

- The ability to file shareholder proposals on sustainability issues is increasingly uncertain in the U.S., particularly following this year's AGM at oil and gas major Exxon, which, when faced with a climate resolution filed by two shareholders, took the unusual step to sue these proponents in court, rather than going through the traditional Securities and Exchange Commission (SEC) 'no-action' process. Our overarching concern is that such legal disputes could erode the longstanding ability of shareholders to file resolutions within the U.S. despite being an effective escalation tool required to maximise the chances for our engagements to deliver positive outcomes. At AXA IM, we therefore decided to (i) sign a public statement, together with 38 other investors, supporting the SEC's role as the preferred arbiter of shareholder proposals, and (ii) voted against the re-election of Exxon's chief executive and of the lead director.

Outlook for **2025**

For 2025, evolution in our Corporate Governance & Voting Policy will be shaped by our dialogue with investee companies conducted in 2024, and will focus on:

- Vote on sustainability reports: in markets where the non-financial information statement is subject to shareholder approval, we may withhold support if the general quality of the company's sustainability disclosure is insufficient, and the report has not been externally assured.

- More generally, where not already legally required, we encourage companies to submit their non-financial reports to external verification. Although we acknowledge that sustainability assurance standards are still developing, and the level of maturity of sustainability data is still low, we believe that, ultimately, external assurance of non-financial information will reinforce the credibility and reliability of the information reported.

- In this context, we also expect companies' boards, audit committees, or any committee tasked with the oversight of sustainability assurance, to ensure they have an appropriate level of understanding on sustainability assurance processes to enable informed discussions with assurance providers on the scope, level, and outcomes of the verifications implemented. Moreover, when selecting its assurance provider, the board and its audit committee should ensure a transparent and rigorous process is in place based on objective criteria, including proficiency in sustainability assurance.

- Finally, to help investors in their understanding of sustainability assurance reports and their outcomes, we also encourage companies to provide transparency and disclosure of potential key sustainability assurance matters, and to proactively engage investors, if need be, explaining which factors influenced the final opinion and which remedial measures will be implemented (if necessary).

Public Policy

Supporting the development of robust and usable policies to facilitate the transition to a more sustainable world

Clémence Humeau
AXA IM Head of Sustainability Coordination and Governance

At AXA IM we adhere to the principles, standards, and codes which govern policies and practices in the markets where we are active, while recognising the challenges that diverging approaches to ESG can create in terms of implementation and understanding by different stakeholders. This is why for several years already, we are committed to providing transparency on our approach to sustainability and the ESG footprint of our investments at entity and portfolio level.

We have been supportive of a policy environment that could support the implementation of our RI strategy and commitments including on climate and biodiversity, that could facilitate the integration of ESG risks and opportunities into investment decisions, and provide transparency and comparability across the sustainable finance value chain, supporting also a well-functioning investor stewardship.

The past years marked a steep change for the financial industry in many of the countries and regions where we operate, as major sustainable finance policies have entered into force. They came with some implementation challenges, some due to usability issues in the regulations themselves. Other simply reflect the fact that these regulations are aimed at transforming the way the financial sector but also the real economy operates to ensure they support the transition to a Paris Agreement-aligned world – requiring structural changes to happen across the value chain. Ultimately, we are convinced the long-term goals of many of those regulations are aligned with AXA IM's responsible investment strategy and can help facilitate the allocation of capital to support the decarbonisation of high-impact sectors as well as innovations in the sustainable solutions necessary for the transition to happen – which shapes our policy views.

Usability issues and the sequencing of regulations and guidance have however led to significant costs and difficulties for investors in interpreting and implementing the legislation. We therefore consider that usability issues need to be addressed in an orderly manner, considering impacts on different stakeholders across the sustainable finance value chain and bearing in mind the inter-operability challenges faced by global, diversified investors. We also believe that they should be accompanied by the appropriate real economy policies to enable an effective real-world transition towards more sustainable practices, consistent with the goals of the Paris Agreement.

Against a more complex international backdrop, there remains in our view a need for stakeholders to come together and regroup to find robust and workable solutions, from asset managers to corporates, from auditors to consultants, and from policymakers to supervisors. This is essential in order for the EU is to achieve its 2040 climate targets, and for the asset management industry to continue to successfully implement net zero commitments. We aim to continue to engage with our investor base, provide educational content on those important and evolving policies, and to encourage an understanding of how these may change our way of working and the nature of portfolio investments.

In this context, in 2024, our policy advocacy efforts have focused primarily on helping to identify solutions to improve these policies' usability and help them deliver their intended objectives. In particular:

Enhancing sustainability-related disclosures from investee companies

A key challenge when integrating ESG risks and opportunities into investment decision-making comes from the absence of comparable, high-quality data points reported by investee companies across geographies based on common standards.

Aiming to address this and help channel financial flows towards sustainable investment, the EU Green Deal[25] introduced

[25] European Commission, 2019, The European Green Deal.

disclosure requirements firstly with the Taxonomy, a framework against which companies in scope have been reporting since 2021. The Taxonomy is a classification system that defines criteria for economic activities to be aligned with a net zero trajectory by 2050 and broader environmental goals other than climate, considering their substantial contribution to at least one of the environmental goals, as well as the extent to which they comply with Do No Significant Harm criteria on other environmental goals and follow minimum safeguards including on governance practices. The Taxonomy has inspired several similar initiatives across geographies with c. 60 taxonomies currently in place or being developed globally.[26] Complementary to the Taxonomy, the EU CSRD entered into force in 2024, requiring companies in scope of the regulation to disclose information on what they see as the risks and opportunities arising from social and environmental issues for their own business, and on the impact of their activities on people and the environment.[27]

Significant progress was achieved in other geographies as well, including with the work of the International Sustainability Standards Board (ISSB) which has developed a baseline of sustainability disclosures focused on the needs of investors and financial markets,[28] including sector-agnostic as well as sector-specific standards to support investors' decision-making with a primary focus on financial materiality. These standards will also support enhanced comparability in sustainability data as 35 jurisdictions representing nearly 60% of global Gross Domestic Product (GDP) require or are planning to require the application of ISSB Standards in their legal or regulatory frameworks.[29]

Enhancing sustainability-related disclosures from investee companies

Policy advocacy

Approach: Individual and Collaborative

Priorities: As investors, we have been supportive of the development of those regulations which will enhance quality, consistency, and comparability of information reported by investee companies. This is critical for an effective integration of ESG into investment decisions, including to assess the credibility of transition plans from investees.

- **Tackling complexity and usability issues in the EU Taxonomy and CSRD:** Acknowledging issues faced by companies in their implementation, our advocacy focused on supporting the EU policymakers in their efforts to enhance usability, in particular through our participation to the EU Platform on Sustainable Finance 2.0 between 2023 and 2025. Through this we aimed to make the use of the EU Taxonomy "simpler" for all stakeholders across the Sustainable Finance value chain by looking for ways to address the lack of clarity in regulatory guidance, simplifying some of the metrics to make them more useful for decision making and reducing the number of data points by focusing on the most meaningful ones while preserving the integrity of the framework. Through this work, we also emphasized the need for an improved consistency and articulation across the different regulations including the EU Taxonomy, sustainable finance Disclosure Regulation (SFDR), CSRD and Markets In Financial Instruments Directive (MIFID) ESG preferences. Echoing this focus, we contributed to the collaborative investor statement on the Omnibus released early 2025.

- **Supporting the development of inter-operable, robust sustainability standards beyond the EU:** Through our participation to the ISSB Investor Advisory Group, we called for a sufficient inter-operability between sustainability standards like the ISSB and those from the EU, as well as for robust implementation mechanisms supported by capacity building.

- **Enhancing the quality of ESG data:** as investors, we largely rely on data vendors to access "raw" ESG data reported by companies, as well as to provide ESG ratings. Over the past years, we have been actively participating within industry groups as well as directly engaging with policymakers and supervisors to share our expectations on the EU ESG ratings regulation proposal, as well as a U.K. working group set up by the FCA supporting a Code of Conduct for ESG ratings and ESG data providers. We highlighted issues in terms of the robustness and transparency of the ESG datasets that are distributed, which can complicate their use when producing regulatory disclosures (e.g. PAI statements related to SFDR), or when they are considered in investment decisions (e.g. in relation to the Taxonomy Regulation). When doing so, we recommended that the principles enunciated by the International Organization of Securities Commissions (IOSCO) should be followed. We were highly satisfied with the outcomes of the U.K. working group which we contributed to and that led to the publication of a Code of Conduct in December 2023, already signed by 15 ESG data and rating products providers. In the EU, we also advocated for the regulation to include ESG data products beyond ESG ratings, noting that raw data was increasingly re-disseminated and more and more used by investors, gaining traction over ESG ratings for the purpose of sustainability performance monitoring or sustainability objective definition. We were disappointed by the limited outcomes of the legislative process only capturing ESG ratings but not ESG data products, and in 2024 we continued to advocate for a wider framework at EU level, in line with the level of ambition and requirement already in place at EU level for the rest of the ESG value chain as well as requested at a worldwide level by IOSCO.

[26] Climate Bonds Initiative, January 2025, Taxonomy.
[27] European Commission, February 2025, Corporate sustainability reporting.
[28] AXA IM is a member of the ISSB Investor Advisory Group.
[29] ISSB, data as of January 2025.

Public Policy

Enhancing disclosures and clarifying product categorization requirements applicable to asset managers

Policymakers have also introduced new requirements on financial institutions including asset managers, focusing on disclosures as well as product categorization. Voluntary sustainability-related labels had been in place for some years including in France, and the SFDR which first entered into force in March 2021 at the EU level, followed by other regulations such as the [Sustainability Disclosure Requirements](#) (SDR) in the U.K. which came into force in 2024, introduced disclosures and categorization requirements across a wider range of products. While those regulations improved the level of transparency and comparability at product level across the industry for products with ESG features, helping to further embed ESG considerations across the investment value chain with many more teams involved on a day to day basis, they also come with some implementation challenges regarding the clarity of criteria and the accessibility of data from investee companies, but also the inter-operability within the EU, and between the EU and other jurisdictions.

Enhancing disclosures and clarifying product categorization requirements applicable to asset managers

Policy advocacy

Approach: Individual and Collaborative

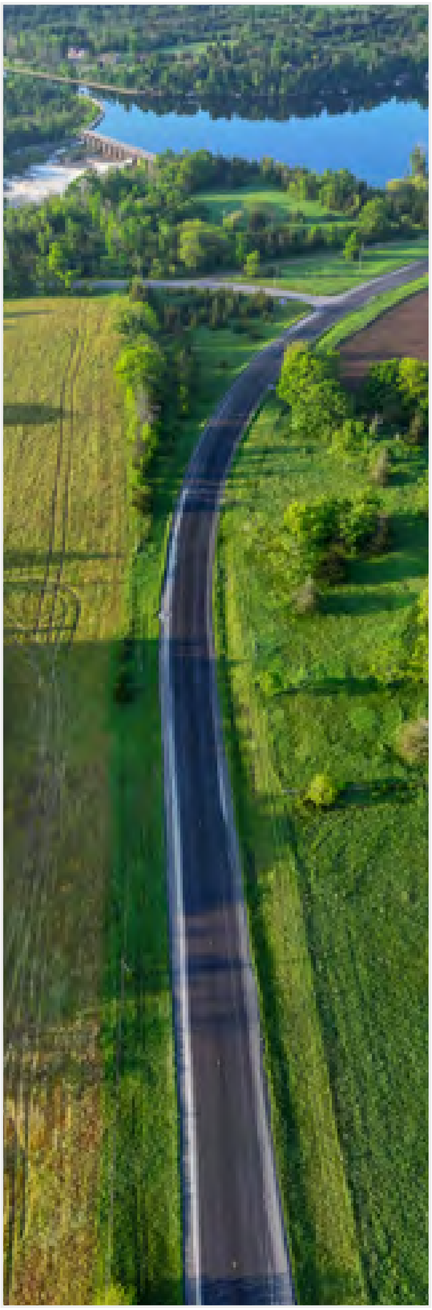
Priorities:

- **Addressing the current shortcomings of the SFDR within the European sustainable finance ecosystem.** While we support its overarching objective of providing increased transparency and comparability to our clients, several of the SFDR's key concepts have remained too vague in our view. These include the definition of what a sustainable investment is, resulting in uneven implementation across the market. We consider the financing of the transition should be better addressed in the revision of the SFDR. We would see benefits in the development of a complementary categorisation regime with clearer minimum criteria, which could be based on metrics including some of the SFDR Principal Adverse Impacts (PAI) and the EU Taxonomy, for example – provided the usability of those metrics continues to be improved (e.g. clarification of calculation formula, use of estimates for non-EU companies, etc.). We believe this could address the needs of some of our clients and help facilitate the channeling of flows towards transition and sustainable investments and the funding of the current investment gap to reach EU net zero goals. In our advocacy efforts, we also encouraged a further simplification of and proportionality in the disclosure templates, acknowledging that SFDR templates are complex to prepare and to understand, and might not have had the intended effect in terms of facilitating end-investors' understanding. Finally, we believe it will be essential to ensure an effective articulation between any revision made to the SFDR and the new sustainability preferences framework introduced in the EU's Markets in Financial Instruments (MiF) regulation in August 2022. Our advocacy efforts on SFDR have taken place within the [EU Platform on Sustainable Finance](#) as well as within various industry groups. There have also been individual engagements with the European Commission and selected local supervisory authorities.
- **Supporting a smooth implementation of the UK SDR:** in the UK, we also contributed to industry groups on the SDR and engaged directly with policymakers on this regulation, sharing key observations and challenges we were encountering as we prepared for the initial SDR implementation with some funds planning to adopt new labels.[30] We welcome the introduction of clearer rules in the U.K. and will continue to support efforts to facilitate implementation of this principle-based regulation.
- **Advocating for well-functioning sustainability-related labels:** changes to the rulebooks of the French and Belgian labels were implemented in 2024. Recognizing clients' interest for those labels, we continue to support efforts to ensure the credibility of the labels and helped to maintain the trust of end-investors, particularly retail. We feel the labels[30] should avoid too much complexity and costs for the end clients, and first and foremost should facilitate clients' understanding. Finally, we advocated in favour of usable criteria and rules adapted to the objectives targeted by the labels, as the new rules came into place with some implementation challenges. In the longer term, we will continue to call for an effective articulation of other sustainable finance regulations (e.g. SFDR PAI and the EU Taxonomy), which we consider could ultimately, replace local labelling regimes, if properly functioning.
- Similarly, within the EU and other jurisdictions, we continue to call for **simpler, better articulated rules, providing sufficient clarity and comparability to all stakeholders** including in particular our clients, and supporting the channeling of flows into sustainable investments in a more effective manner. Duplications at national level should be removed when possible.

[30] AXA IM, January 2025, [AXA IM adopts SDR labels for three equity funds in the UK.](#)

Supporting a well-functioning investor stewardship ecosystem

In our view, the achievement of our clients' objectives and of AXA IM's commitments to responsible investment requires a regulatory environment which does not impede, but rather supports shareholder engagement and voting in having an effective impact on investee companies' governance and sustainability strategies.



Supporting a well-functioning investor stewardship ecosystem

Policy advocacy

Approach: Individual and Collaborative

Priorities:

- **Addressing barriers to investor stewardship and supporting a greater understanding from different stakeholders:**
  - When it comes to voting, some progress was achieved at the EU level with the revision of the Shareholders Rights Directive II (SRD II) in 2020, including with regards to voting transparency and votes on executive pay. However, investors have continued to face technical obstacles in exercising voting rights. Since 2022, we have highlighted these obstacles in our contribution to calls for evidence and Impact Assessment studies on the implementation of SRD II conducted by the European Securities and Markets Authority and European Commission made individually and through several industry groups. We have also reinforced these views in industry groups' position papers on investor stewardship in the context of the European elections and appointment of a new Commission, thereby highlighting what we considered to be priorities in the perspective of a potential revision of the SRD II: addressing barriers to voting and further clarifying expectations with regards to shareholder engagement to facilitate the understanding of different stakeholders. Many large EU asset managers like AXA IM are signatories to the U.K. Stewardship Code, which has contributed to reinforcing their shareholder engagement policies, practices, and disclosures. Nevertheless, we believe further guidance at EU level, including a common definition and understanding of reporting that is usable and effectively supports stewardship understanding on all sides would be beneficial.
  - In 2024, we promoted similar views in the U.K. in the context of the revision of the U.K. Stewardship Code, by participating to several industry working groups' position papers, participating to roundtables with the Financial Reporting Council (FRC), and submitting our response to the FRC consultation. In our view, the revision of the U.K. Stewardship Code is welcome in a context where new challenges to investor stewardship have arisen, which need to be accounted for. The revision should, however, preserve the robust foundations introduced by the 2020 revision and guarantee sufficient disclosures, while providing flexibility in the implementation of certain principles including collaboration.
- **Preserving good governance practices and shareholders' rights to support competitiveness:**
  - Another regulation we focused our efforts on in 2023 was the adoption of the Listing Act, which we believe could introduce a risk of dilution of minority shareholders' influence by enabling the development of shares with multiple voting rights, thus undermining the level of board accountability on concerns raised by minority shareholders. We therefore pushed for the adoption of mandatory safeguards across member states to minimize the effect of multiple voting rights on our ability to engage with issuers. On a similar topic, through participation in industry associations we provided our concerns in relation to the FCA Consultation Paper on Primary Markets Effectiveness.
  - We continue to advocate for issuers to adopt the best governance and sustainability-related policies and practices through our involvement in the Global Governance Policy Committee of the ICGN. This resulted in the publication of viewpoints dedicated to virtual general meetings and board governance of sustainability, as well as a statement highlighting investors' concerns over announcements in the U.K. that may be detrimental to corporate governance standards and shareholder protections, potentially undermining the U.K.'s economic growth and attractiveness as a global financial centre.

Public Policy

Case Study Loi Attractivité

The 2024 European policy framework has seen a substantial deterioration in good governance standards and shareholder's rights, which led us to express our concerns, both privately and publicly and through various industry groups.

For instance, as a member of the Governance Commission of the AFG, we actively contributed to the Commission's engagement of the French government in the context of the enactment of the "Loi Attractivité", which enabled, among other things, the possibility for newly Initial Public Offering (IPO) companies to introduce multiple voting rights. Multiple voting rights, by granting beneficiaries (most often the company's founders or management teams) disproportionate influence over AGM outcomes, may reduce companies' accountability towards its minority shareholders. Therefore, we made several recommendations that could preserve some sort of accountability from management towards minority shareholders, such as excluding the application of multiple voting rights when voting on executive pay proposals and other specific resolutions. These were ultimately introduced in the final version of the bill and will contribute to foster Boards' responsiveness to any potential minority shareholder'sconcerns.

We have continued our engagement on this matter by sharing early 2025 our recommendations to the draft decree implementing the Law, including further granularity in AGM results with the goal of fostering transparency around the opposition rate from non-holders of multiple voting rights on AGM resolutions. We believe this will enable to easily identify potential significant dissent from minority shareholders, thus contributing to encourage Boards to consider and respond to their shareholders' concerns.

We adopt a selective approach when deciding which initiatives we will participate in or support, focusing on topics and groups where we believe our involvement will have a material impact. Impact can often be greater by joining forces with other investors and stakeholders. Our public policy engagement is achieved through direct engagement with policymakers and regulatory authorities, participation in industry working groups, and responses to consultations. A list of these can be found on page 113.

The voting process

We consider voting to be a crucial aspect of being an active shareholder – it is a vital part of the investment process and an opportunity to influence companies.

Governance

Our Corporate Governance Committee is responsible for overseeing the implementation of AXA IM's Corporate Governance & Voting Policy. The policy is reviewed and updated annually by the committee prior to voting season.[31]

The committee is facilitated by the corporate governance team, with investment team representatives as voting members, who bring their experience and in-depth knowledge of investee companies' business and strategy to the committee's deliberations. The committee is chaired by AXA IM's head of RI Center, with the deputy chief executive of AXA IM Paris acting as alternate to the chair. Regulatory and compliance professionals, middle office teams, and members of the RI research team also attend and contribute to committee meetings and discussions.

The corporate governance team proposes regular updates to the policy and is responsible for the implementation of the policy and guidelines, ensuring they are in line with the committee's expectations.

Research & Analysis

All voting decisions are guided by our overarching policy, which describes the fundamentals of corporate governance that we expect for all investee companies. We then apply region-specific principles based on local regulation, best practices and governance codes.

We vote against items on the agenda at annual meetings where we believe the proposals are not in the best interests of our clients. This covers a wide range of concerns such as the suitability of individual directors, board oversight of key risks and strategy, executive pay, dividend and capital-related issues as well as diversity, transparency and reporting. We also vote against proposals as a method to escalate our engagement where we feel insufficient progress has been made.

We use voting information services from Institutional Shareholder Services (ISS) and Proxinvest.[32] The research is used to augment knowledge of companies and resolutions at forthcoming general meetings – it is one input among many. When making voting decisions, we also incorporate internal knowledge and research, intelligence gathered from engagement with the company, fund manager input, and committee considerations. To ensure quality, we undertake an annual service review with each of our voting research providers which includes an evaluation of the research and service received as well as any necessary discussion about upcoming changes.

We also receive voting recommendations from ISS based on the principles of AXA IM Corporate Governance Policy and its country-specific standards. All voting recommendations are reviewed by the corporate governance team, which may be supplemented by an enhanced analysis, in particular in case of:

- **Complexity or significance** of the issue:
  - Items that address critical governance topics, such as executive remuneration, board composition, or major strategic transactions
  - Resolutions that tackle specific sustainability issues are subject to analysis from the thematic RI Research analyst, which then shares their views to the corporate governance team in charge of making the final vote decision
- **Potential controversy:** Issues involving contentious practices or heightened public interest.
- **Engagement outcomes:** Resolutions tied to ongoing or recent dialogues with the company, where our interactions may influence the voting outcome.
- **Materiality:** The relative size of our shareholding and the importance of the issuer within our investment portfolios.

For resolutions deemed complex, controversial, or non-routine, or where we may wish to deviate from our policy, the team consults and makes

[31] Unless instructed differently by a client.
[32] An independent voting advisory service has also been appointed to take voting decisions on behalf of our third-party clients at the general meetings of our parent company, AXA SA.

recommendations to the committee. The relevant team members will set out an explanation of the issue in question and make their recommendation. The committee voting members deliberate independently and provide their views and/or recommendations.

Ultimately, all voting decisions are made by AXA IM.

Reporting

At AXA IM we publicly disclose our voting. It is updated on a quarterly basis. We provide the rationale for all our significant votes, i.e. whenever we voted against management recommendations. Since 2024, we also disclose a rationale for all votes against shareholder resolutions. This information is available on this website.

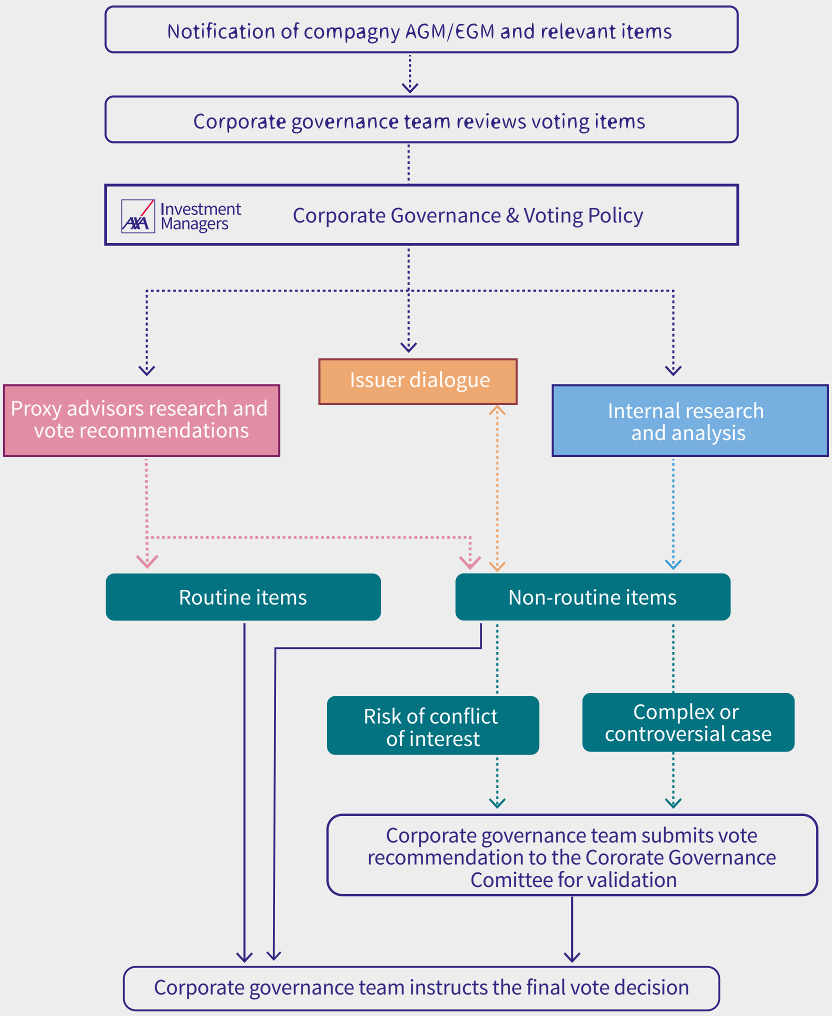
Stock lending

Stock lending aids market liquidity and allows clients to maximise revenues from their holdings and is a technique used by AXA IM. However, the attendant transfer of voting rights along with the lent shares means that additional scrutiny is required to ensure lent shares are not put to purposes detrimental to the long-term interests of the shareowner.

Shares will not be lent where the objective of such activities is to vote at general meetings.

As lending agent, we intend to recall all shares ahead of the record date (where the record date is not backdated) in advance of general meetings to exercise our full voting right for open-ended funds and mandates. Ongoing security transactions are monitored by the securities lending team.

Our voting process



Source: AXA IM, for illustration purpose only.

Conflicts of interest

We have adopted a set of guidelines to identify circumstances which may give rise to conflicts of interest, leading us to identify the following major potential conflicts of interest with respect to our stewardship activities:

- With our parent company, AXA SA
- With a sponsor company
- With a key client
- With a company that is a significant distributor of AXA IM's product(s)
- Between clients
- AXA IM, or one of our collaborators (or any person or company directly or indirectly linked to them)

The voting process

By 'conflict of interest' we mean a situation where the interests of AXA IM, of AXA IM's employees, of a third-party delegate or a related company are, directly or indirectly, in competition with the interests of one or several clients. It also pertains to potential conflicts that may occur between AXA IM's clients.

We manage conflicts within our voting and engagement activities using the following approach:

- **Engagement:** AXA IM's engagement program is supervised by the ESG Monitoring & Engagement Committee, under the oversight of the Sustainability Strategic Committee. This seeks to ensure that decisions to engage are aligned with the engagement strategy of AXA IM and are free from any outside influence.
- **Voting:** In identified situations of conflict, AXA IM's Corporate Governance Committee has sole responsibility for making voting decisions on behalf of clients who have given AXA IM full discretion to vote. Voting decisions are taken prior to any reference or discussions with clients who have not delegated voting rights to the Corporate Governance Committee or have their own policy. This seeks to ensure decisions are free from outside influence.

Where potential conflicts of interest have been identified, recommendations to vote in support of management resolutions contrary to our regular policy position will be escalated to the Corporate Governance Committee. Any decision by the committee to vote contrary to the policy position in these cases will be supported by a written record. An independent voting advisory service has been appointed to take voting decisions on behalf of our third-party clients at the general meetings of our parent company, AXA SA.

A full copy of our conflicts of interest policy is available on our website.

Case Study

Conflict of interest: Time commitments

In this instance, a board member of AXA IM's parent company AXA SA also sits on the board of this company. We voted against our proxy adviser's recommendation and in favour of management.

Strict application of AXA IM policy on so-called 'overboarding' (directors sitting on too many boards) should have led to an opposition of one particular director's election at the company's 2024 AGM, who also sits on the board of our mother company AXA SA. However, this director had publicly committed to not seek renewal of one of her mandates expiring in 2025. On this basis, the corporate governance team recommended the Corporate Governance Committee support her re-election, which the committee approved.

Case Study

Conflict of interest: Executive remuneration

In this instance, the company is a client of AXA IM's parent company AXA SA, and the chair of the company is a former key executive of AXA SA. We voted against our proxy adviser's recommendation and in favour of management.

After opposing the company's remuneration practices in previous years, we had extensive engagement with this company on executive pay and made several recommendations to improve pay transparency and strengthen variable pay stringency, which were ultimately all implemented by the board.

Therefore, and contrary to our proxy adviser's recommendation to vote against the remuneration report at the 2024 AGM over excessive quantum-related concerns, we recommended the Corporate Governance Committee to consider the substantial improvements made by the board, while continuing to engage the company to further improve its remuneration policies and practices.

Voting: Key 2024 Data

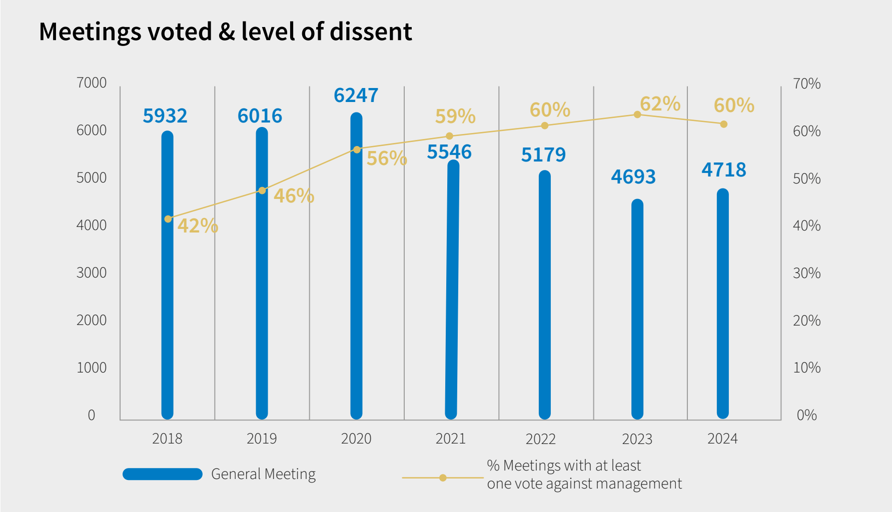
Our 2024 voting activity in figures

Héloïse Courault, Constance Caillet and **Alexandre Prost**

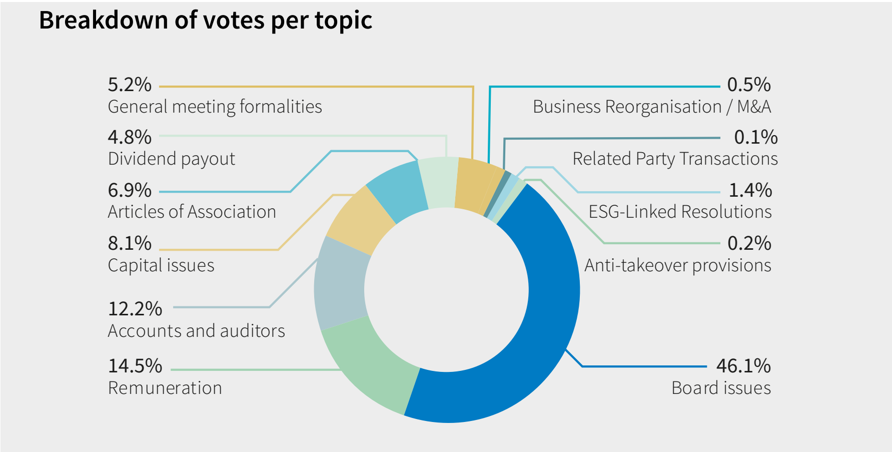
AXA IM Corporate Governance & Stewardship Analysts

During 2024, AXA IM voted on a total of 54,550 proposals at 4,929 meetings, representing 98.2 % of the meetings we could vote. Meetings where we were not able to vote were those in markets where processing votes would be too costly or would impede the investment process. 96% of those meetings voted at were in accordance with AXA IMs' Corporate Governance & Voting Policy,[33] representing 51,787 proposals voted at 4,718 meetings, and 87% of our equity assets under management (AuM). They resulted in:

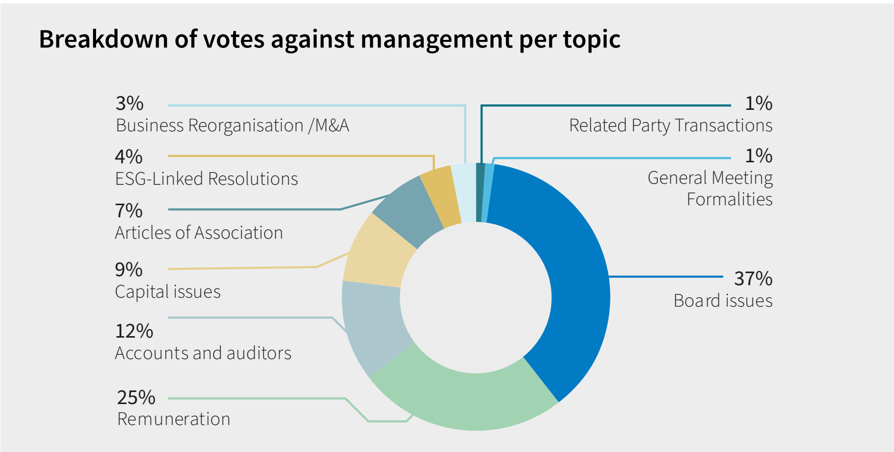
- An average opposition rate of 14.95%, with at least one vote against cast in 60% of the meetings where we voted.
- The highest level of opposition remains for board issues (37% of votes against management), followed by executive remuneration (25% of votes against).



Source: AXA IM, end of 2024.



Source: AXA IM, end of 2024.



Source: AXA IM, end of 2024.

[33] We also offer clients in segregated mandates to apply their own voting preferences depending on their ESG priorities, or local regulation and/or practices.

Influence of dialogue on our voting decisions

In applying our policy when voting, we are aware of the fact that companies are dynamic and a 'one size fits all' approach is not appropriate. Therefore, our voting approach is based, above all, on our regular dialogue with the firms we invest in, an understanding of their activities, their sector, and the challenges they face, so we can vote in a highly-informed manner.

To reflect this, since 2023 we have recorded all votes influenced, either positively or negatively, by our dialogue and engagement with investee companies. For 2024:

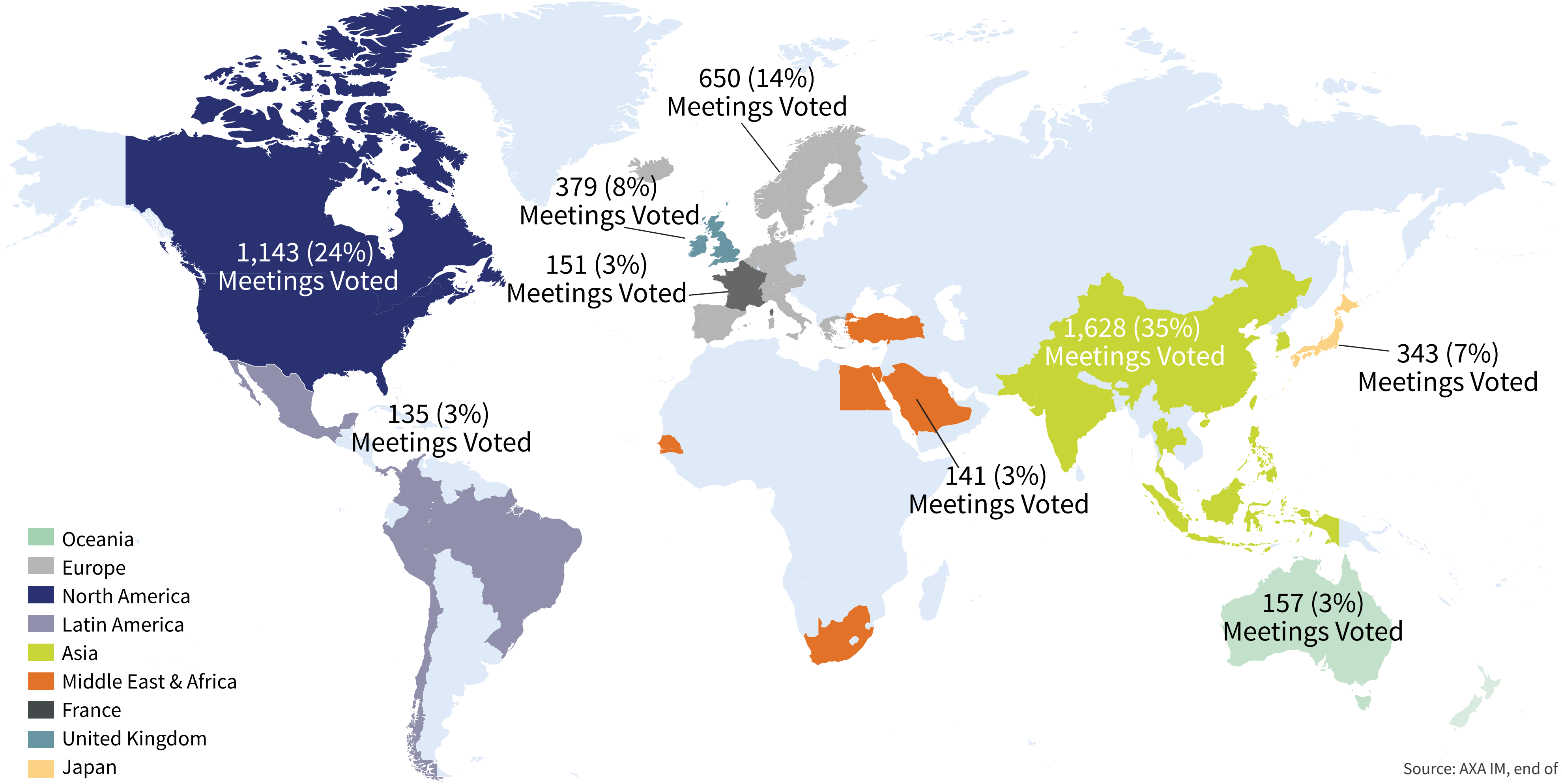
- We recorded 240 votes linked to engagement, 34% of which were influenced negatively - either because a company's explanations were not deemed convincing, our expectations and recommendations had not been considered, or because voting was used as an escalation technique. This means that engagement and dialogue with companies had a positive influence on the vast majority of our votes linked to engagement, illustrating the importance of a quality dialogue between issuers and their shareholders.
- Most of the recorded votes were linked to corporate governance-related engagements (83%), primarily on executive pay-related issues (45%), board-related issues (35%), and audit (8%).
- Climate-related engagements also fed into our voting decisions in 11% of cases. This is even more striking when looking at votes used as a form of engagement escalation, in which case 78% of them were linked to climate.

Influence of our dialogue on votes

Influence	Outcome	Case study
Positive	Additional context fed into our voting decision	Company submitted its sustainability report to a shareholder vote for the first time in 2024 Auditor issued a qualified opinion on said report Company explained that it relates to data reconciliation issues linked to the combination of two IT systems following the company's recent merger We supported the company's sustainability report.
	Company practice or disclosure influenced by our feedback	Company announced a combination of chairman and chief executive roles in the hands of current chief executive Company initially plans on having its chief executive as member of Nomination Committee We provided our feedback regarding the need to appoint an independent lead director, the expected responsibilities, and Nomination Committee independence Company reviewed its Nomination Committee composition, appointed a lead director with adequate powers and duties We supported the change in leadership structure.
Negative	Company did not consider our feedback	Company announces a change in leadership, with former chair and chief executive appointed as non-executive chair We communicate our expectations with respect to post-mandate vesting conditions for the unvested shares granted to the former chair and chief executive, and the conditions of his remuneration as chair. Company discloses its remuneration policy which did not take into account our recommendation. We voted against the remuneration policy.
	Escalation	Company is engaged on its climate strategy since 2022, and fails to demonstrate sufficient progress against our stated objectives. We implemented several escalation tactics since 2023. In 2024, we decided to vote against the re-election of the entire board.

Voting: Key 2024 Data

Our global voting footprint



Source: AXA IM, end of 2024.

Voting: Key 2024 Data

Our votes against per key market

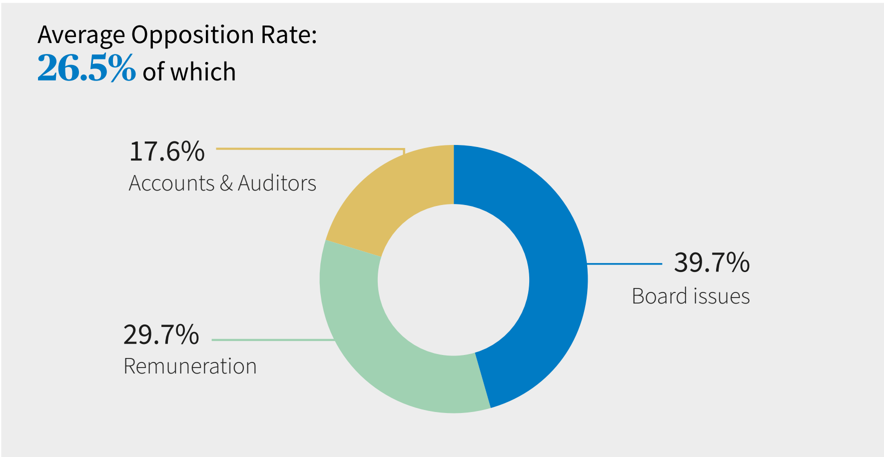
United States

Board

- Our top reason for opposing board (re)elections is overboarding, which accounted for 25% of our votes against board resolutions. We believe directors who hold an excessive number of board seats cannot adequately fulfil their responsibilities.

- While gender diversity on U.S. corporate boards continues to improve, with women now holding almost 30% of board seats in the Russell 3000 Index, progress in ethnic diversity has slowed. In 2024, the proportion of new directors from non-white backgrounds decreased compared to previous years.[34] 13% of our opposition to board (re)elections was due to a lack of diversity on the board.

- Although there is a growing trend towards separating the chair and chief executive roles, combining these roles remains market practice in the U.S. This has led us to oppose the re-election of chair and chief executive whenever we felt there was no effective counterbalance in place.



Source: AXA IM, end of 2024.

Executive pay

- Executive pay practices continue to fall behind our standards - our opposition to executive remuneration proposals was primarily due to a perceived significant misalignment between pay and performance, due to either (i) insufficiently stringent performance targets, (ii) insufficient transparency to assess the stringency of the metrics used, or (iii) the absence of any performance conditions.

- U.S. companies are more reluctant than European companies to integrate ESG-related metrics into executive remuneration. Consequently, 46% of our opposition votes to remuneration were also linked to the lack of ESG-related metrics or the inclusion of criteria not relevant to the company's most material ESG issues.

Accounts and Auditors

Auditors' average tenure continues to be in excess of our expectations, raising concerns about auditor independence and objectivity, potentially compromising their ability to conduct unbiased audits. Consequently, the reappointment of auditors remains a significant issue for us, constituting the third topic of opposition, with 17,6% of our votes against management in the U.S. related to this concern.

United Kingdom

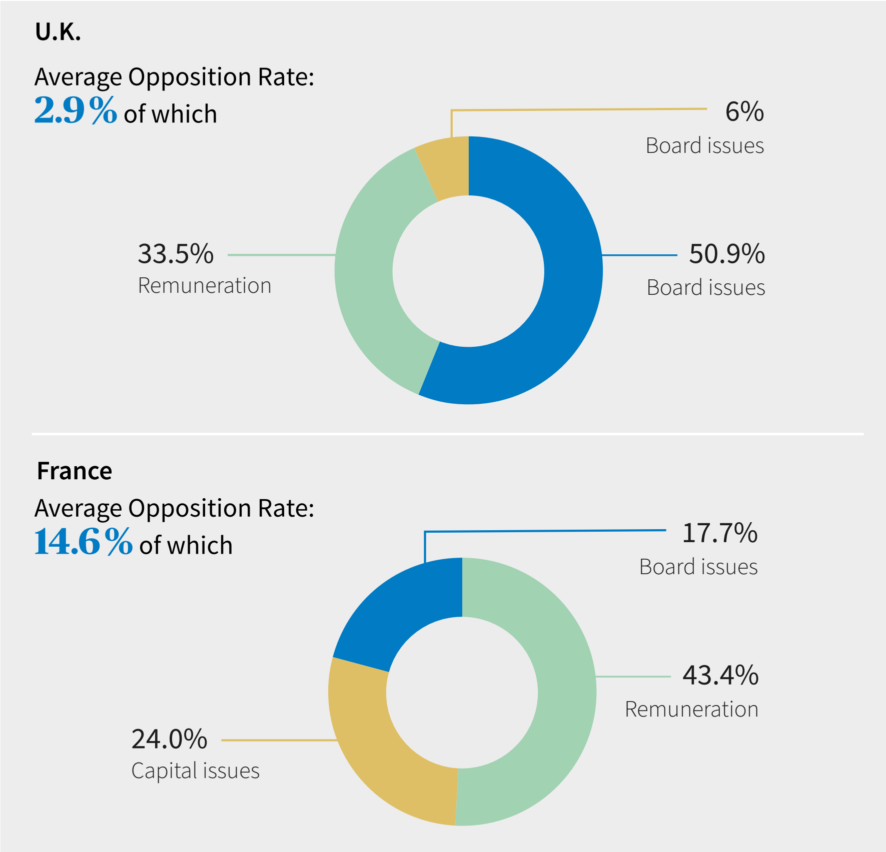
- In the U.K., companies with higher shareholding levels tend to provide board members with easier access to information, enabling us to make better-informed decisions and guide the company's strategy, especially of contentious situations, and this is correlated with the level of maturity in the U.K.'s governance topics. These privileged relationships with boards of directors explain the low level of

[34] 50/50 Women on Boards, September 2024, 2024 Gender Diversity Index Report.

opposition to management (i.e., 2.9% of votes against management were cast in 2024), compared to other AXA IM key markets.

- The highest level of dissent is observed on board issues. While the UK market is mature and sets high standards of corporate governance expected by shareholders, companies often face challenges in complying with these rigorous regulations. The stringent requirements of the UK Corporate Governance Code, which ensure that boards are well-equipped to oversee management and make informed decisions, can make it difficult for companies to find qualified candidates who meet the independence criteria and possess the necessary skills and experience. As such, we have observed a higher number of votes against members of the board for time commitment issues. Given the complexities associated with the role of a non-executive director, we believe that having a high number of commitments is problematic and can potentially have a negative impact on how the board is functioning. Thus, we typically apply a lower limit than proxy advisers or some other peers on this topic.

- Additionally, achieving diversity on the board remains a challenge, especially at smaller companies below FTSE 350 Index level. AIM-listed companies for example, being not under the same requirements as the FTSE 350 Index, highlight different challenges ranging from the perceived difficulty of appointing experts in male-dominated sectors where women are traditionally underrepresented to more cultural obstacles. Therefore, we think maintaining the direction of travel and pushing companies to reach best practices on gender diversity is key. Our votes mirror this commitment.



Source: AXA IM, end of 2024.

France

Executive pay

- Our opposition to remuneration proposals mostly targets smaller cap companies (in 70% of cases), which are generally characterised by a lower level of transparency on executive pay, often resulting from outsourcing of such remuneration via the conclusion of related-party transactions with the controlling shareholder.

- Still, it does not mean that larger companies are all following best remuneration practices, and we voted against remuneration resolutions at the AGM of 11 of the 40 largest French-listed companies, mostly due to concerns around:
  - Insufficient transparency regarding the high level of achievements of the chief executive's bonus
  - Disconnection between variable pay achievement levels and the actual company performance achieved, either due to insufficient stringency of the variable pay targets, or to offsetting mechanism between criteria enabling maximum overall payout even despite the underperformance of certain metrics
  - Repeated and unjustified award of substantial exceptional remuneration

- Although most French companies have included an ESG-related metric either in the short or long-term variable component of their management remuneration, 10% of our votes against remuneration proposals at French companies results from a lack of such metric.

Voting: Key 2024 Data

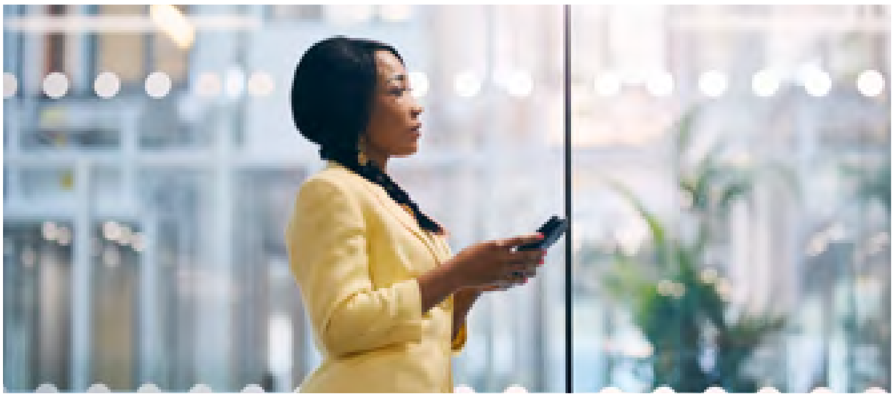
Our votes against per key market

Capital issuances

- The French market is characterised by a significant number (often up to a dozen) of resolutions, submitted every two years, asking shareholders to authorise a wide range of capital issuances, all with a specific nature (with or without pre-emption rights, reserved for specific beneficiaries, to remunerate contributions in kind). Capital issuance-related resolutions are therefore the second most common type of resolutions on French AGMs' ballots (representing 20% of total AXA IM votes in France in 2024), right after remuneration, which explains the high opposition rate – expressed in case of risks of excessive shareholder dilution or a possible use as an anti-takeover mechanism.
- The recent enactment of the 'Loi Attractivité', by granting further flexibility to French boards in setting the maximum volume and discount applicable to the share issuance authorisation, thus increasing the potential dilution risk for existing shareholders, may have an effect on AXA IM opposition rate in 2025.

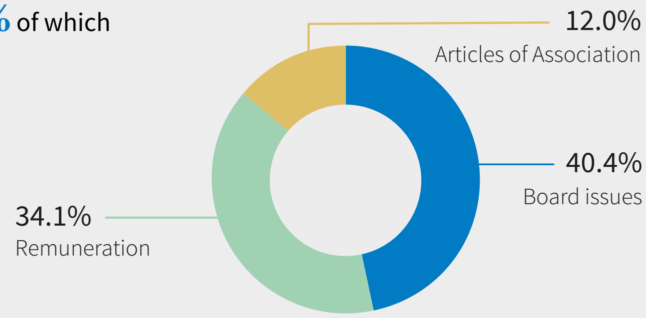
Board

- Our top reason for opposition to board (re)elections is linked to insufficient board independence, raised in more than half (56%) of our votes against board resolutions. This mainly targets smaller companies (in almost 90% of cases), which are generally controlled or with a strategic shareholder, often resulting in a lower level of board independence.
- For the largest companies (i.e. those included in the CAC40 Index), the most common reasons for board opposition are linked to (i) insufficient time commitments, i.e. a director taking on a number of board seats that we deem excessive to adequately fulfil their responsibilities, and (ii) insufficient response to our previously-raised concerns on executive remuneration, which leads us to oppose the re-election of the chair of the Remuneration Committee.
- Gender diversity is not an issue at French companies' boards, which are subject to the 40% hard quota of female representation on boards of directors. An interesting development to monitor in the course of 2025 will be linked to the European 'Women on Boards' directive, as the French law transposing the directive will affect the computation of the gender diversity level by including employee shareholder representatives (which are currently excluded from the 40% quota).



Europe (ex. U.K. and ex. France)

Average Opposition Rate:
12.1% of which



Source: AXA IM, end of 2024.

Europe (ex. U.K. and ex. France)

Board

- Although our top reasons for dissent (i.e. board independence and directors' time commitments) do not diverge much from our observations made for the French market, a notable difference is the number of votes against insufficient gender diversity on boards, observed in 13% of cases, especially in Sweden (representing 26% of our votes against board resolutions) and Switzerland (34% of our votes against board resolutions)
- We also voted against 49 re-elections of directors for either insufficient disclosure on how the board oversees ESG-related issues, or concerns around the company's climate strategy.

Remuneration

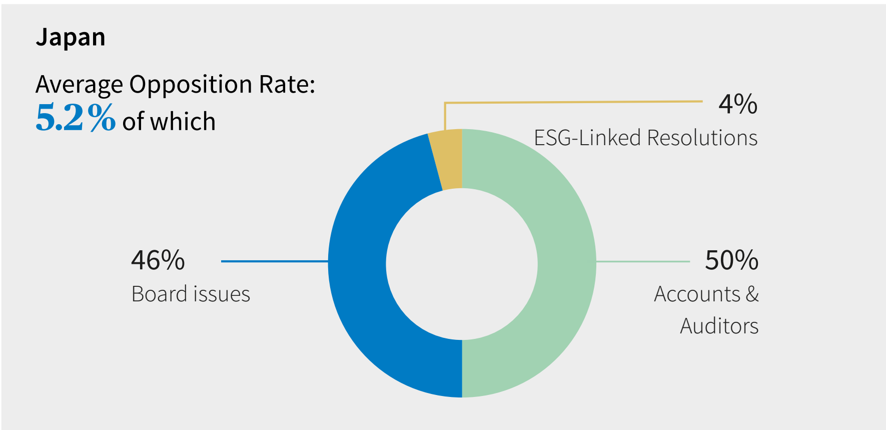
- Similar to France, our most common reasons to oppose a remuneration report or policy are either linked to insufficient transparency on remuneration components, or insufficiently challenging performance targets.
- Our opposition to remuneration-related resolutions over a lack of measurable, material and relevant ESG KPIs is set at 16% of our votes against remuneration.

Articles of associations

Amendments to articles of associations are reviewed on a case-by-case basis, assessing their potential impact on shareholders' rights or interests. In Europe, our particularly high opposition rate on bylaws' amendments is driven by the development of either virtual AGMs, or AGMs held behind closed doors (as seen in Italy), which required amending the company's bylaws. They represented 61% of AXA IM votes against amendments to articles of associations in 2024.

Japan

Nearly all our votes against management (89%) cast at the AGMs of Japanese companies were linked to the election of the board of directors or the board of the statutory auditor, with 79% of these votes due to a persistent lack of independence and gender diversity. However, there is positive momentum driven by the evolution of Japan's Corporate Governance Code and the Tokyo Stock Exchange's listing rules, which include key changes such as requiring prime market listed companies to have at least one-third independent directors as well as promoting diversity in the board of directors and senior management.



Source: AXA IM, end of 2024.

Voting: Key 2024 Data

Our approach to environmental and social proposals

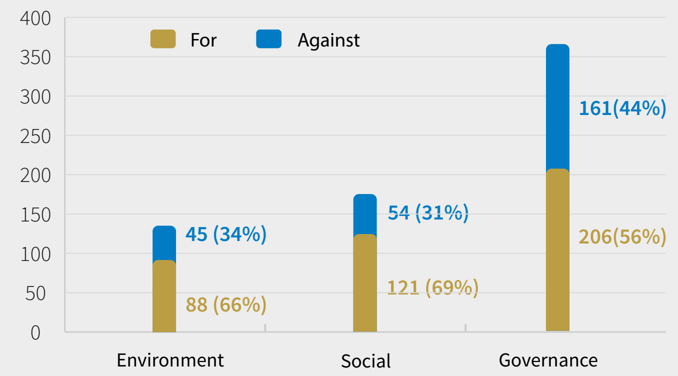
ESG Shareholder Proposals

We do consider supporting ESG shareholder proposals as an effective way to express our ESG-related concerns and expectations to targeted companies. In 2024, we supported 61.5% of these proposals, excluding 'traditional' corporate governance proposals (e.g., voto di lista linked resolutions in Italy) and anti-ESG shareholder proposals from our calculations.

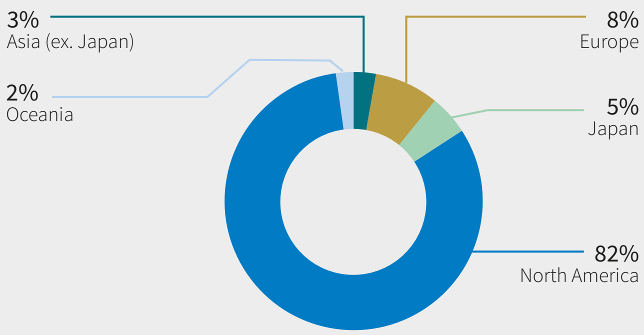
AXA IM follows a tailored approach to voting on shareholder resolutions, as we seek to carefully examine each proposal on its own merits. We believe that it does not always make sense to support such shareholder resolutions if they are not well targeted for the company in question or if they fail to acknowledge efforts and commitments in progress, or in slightly different forms. We have a clear stewardship approach which frames how we decide whether to support ESG resolutions.

The main reason not to support a shareholder resolution is when the most material requests of the proponents are already disclosed by the company. Moreover, we have witnessed a growing number of proposals with a higher degree of prescriptiveness. In some cases these may interfere with the board's responsibilities, not be in the best interests of shareholders, or even have an unwanted impact on society (e.g., a climate-related resolution requesting a drastic shift in the company without considering the broader societal impact of the energy transition).[35] Other common reasons not to support a specific shareholder resolution are when we feel the demands are more appropriately addressed via supporting another shareholder resolution on the ballot, or when we decide to oppose a management-related resolution instead.

ESG Shareholder proposals per pillar and support rate



Shareholder proposals voted per market



Source: AXA IM, end of 2024.

In specific cases, we may support a shareholder proposal which does not fully match our expectations, or which may be considered as prescriptive when the underlying objective is aligned with our main environmental or social concern in order to send a signal to the company when we were dissatisfied with its current policies or practices.

We acknowledge the increasing scrutiny from various stakeholders on our voting decisions for these types of proposals but believe the intrinsic binary nature of the vote does not always fit an issue which may not be black or white. Therefore, and as we strive to provide the highest level of transparency to all our stakeholders, we started disclosing in 2024, the rationale for all our votes against ESG-related shareholder proposals.

Moreover, we believe focusing solely on this type of resolution to reflect an investor's stance on ESG issues is too restrictive. Indeed, voting on an ESG shareholder resolution will intrinsically be linked to the company's market and shareholder base, and will not necessarily result in real world impact (especially as the vast majority of shareholder proposals, filed in the U.S., are only advisory). Therefore, we seek to integrate specific environmental or

[35] World Meteorological Organization, May 2023, Global temperatures set to reach new records in next five years.

social concerns into more traditional standalone items, leading to 395 votes in 2024 against director re-election, discharge, auditors or accounts, as well as 523 votes against executive pay over ESG-related concerns.

Supporting a shareholder resolution: next steps

Most ESG shareholder proposals are filed in the U.S., where they are only advisory – meaning that majority-adopted resolutions will not necessarily be implemented. Moreover, the capital structures of some companies (such as those with super voting rights granted to the company's founder and chief executive) may act as a barrier to the adoption of shareholder proposals, despite majority support from minority shareholders.

Therefore, to ensure our votes on shareholder proposals are effectively followed through, and that boards remain accountable and responsive to their shareholders' concerns, we may decide to oppose directors' re-election at the following AGM. In that respect, we opposed for instance the re-election of the Governance Committee chair at the 2024 AGM of a company that failed to implement a governance-related shareholder proposal that received over 60% support in 2023.

Navigating the anti-ESG challenge

The sharp rise in anti-ESG proposals witnessed in the U.S. since the 2022 season is indicative of the increased polarisation around ESG. In 2024 globally, it is estimated that anti-ESG resolutions increased by 19% compared to 2023, representing 11% of total shareholder proposals filed in the U.S.[36] Although support for these resolutions remains marginal (1.9% on average in 2024),[37] the number of filers and resolutions is rising, with anti-ESG filers adopting tactics to make such resolutions difficult to identify.

Case Study

Shareholder resolution supported at Nippon Steel

The 2024 AGM agenda of Japan-based Nippon Steel included three resolutions addressing the company's decarbonisation goals, executive remuneration and lobbying transparency.

While Nippon Steel aims for carbon neutrality by 2050, its Scope 1 and 2 reduction goals only cover domestic activities, and there are no reduction targets covering Scope 3. Emission reductions have primarily resulted from decreased production rather than effective climate strategies. Additionally, the company heavily relies on carbon capture and storage (CSS) without clear communication on its use. Moreover, Nippon Steel's opacity around its lobbying activities ranks the company within the CA100+ worst performers in this area.

This led us to support:

- The resolution requesting disclosure of emission reductions targets covering all scopes and for all operations
- The resolution requesting the inclusion of a metric linked to emission reductions in management remuneration
- The resolution requesting disclosure of climate-related direct and indirect lobbying activities.

Case Study

Shareholder resolution opposed at Microsoft Corporation

At its 2024 AGM, U.S. technology company Microsoft was targeted by a shareholder proposal requesting that the board publish a report assessing the risks posed by the company's use of artificial intelligence (AI) in facilitating misinformation.

As a member of the Big Tech and Human Rights coalition, we met with the company ahead of its AGM to better understand the company's approach around responsible AI. The company detailed the extensive information already available on the risks associated with AI-generated misinformation and has developed comprehensive AI Principles. The company released its first Responsible AI Transparency Report in 2024 and plans to renew it annually, with the next report scheduled for May 2025. This commitment demonstrates that Microsoft has established robust and transparent governance to oversee its responsible AI activities, supported by principles aligned with international standards (OECD, UNGPs) and integrated across all teams via an Office for Responsible AI. The company recognises and already takes seriously the risks related to misinformation and AI security.

Given the extensive disclosures already in place, and the company's demonstrated commitment to adapt its practices to evolving best practices and regulations, we did not support the shareholder proposal.

[36] Georgeson, June 2024, 2024 AGM Season: another record-breaking year for shareholder proposals.
[37] Karin Rives (S&P Global), August 2024, Anti-ESG shareholder proposals boost 2024 proxy engagement, deliver few results.

Voting: Key 2024 Data

Our approach to environmental and social proposals

Management environment and social proposals

Say on Climate
As in previous years, we also had the opportunity in 2024 to express our views on the sustainability strategy of investee companies via dedicated management-sponsored resolutions, such as so-called 'Say on Climate' resolutions (or their resulting progress reports). Yet, the drop in the number of such resolutions continued in 2024, and may be due to:

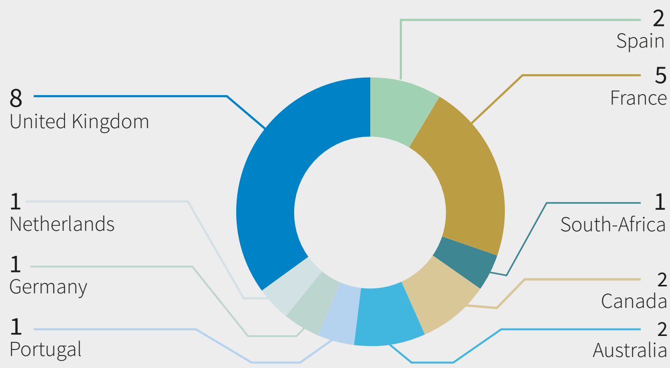
- Companies already setting their long-term ambition, and are now focusing on implementing their strategy rather than seeking frequent shareholder approval on the progress made
- Companies committing to regularly submit their climate plan to a shareholder vote, but not on an annual basis. Looking at first submitters only, we voted on four Say on Climate votes for the first time in 2024, including the first one ever submitted in Germany
- Companies preparing for their first CSRD-compliant sustainability efforts, shifting the focus away from climate-only to cover broader sustainability issues

France and the U.K. remain, as in the previous years, the main markets where we observed the most Say on Climate votes.

AXA IM voted on 22 Says on Climate (compared to 23 in 2023), with a rate of support of 77%. Additionally, we voted on the first Say on Biodiversity. When analysing Say on Climate resolutions, we refer to the expectations detailed in the AXA IM Climate Risks Policy and Corporate Governance & Voting Policy, where we urge companies to:

- Commit to a net zero emission strategy, with short, mid, and long-term carbon emissions reduction targets that are based on climate science. There should be a clear explanation of corresponding capital allocation plans

Number of Says on Climate voted per market



Source: AXA IM, end of 2024.

Case Study — Say on Climate at Shell

Shell, one of the world's largest oil and gas integrated companies, has been submitting its Energy Transition Progress report to shareholder vote since 2021, and we have been engaging the company on its climate strategy since 2020.

Due to concerns over the lack of absolute Scope 3 emissions reduction targets as well as a high reliance (relative to peers) on carbon offsets, we decided to oppose the company's progress report submitted at the 2023 AGM. The resolution recorded around 20% of votes against.

Since then, in March 2024, the company announced a lowering of its 2030 Net Carbon Intensity target (NCI) and removed its ambitious 2035 NCI target, citing expectations for strong liquefied natural gas (LNG) demand, its exit from the B-to-C power market and uncertainty in the energy transition. As part of these announcements, Shell also set a new target for reducing absolute Scope 3 emissions – though only from oil.

Considering the company's backtracking on its previously set commitments, along with the board's lack of responsiveness to repeated shareholder dissent and call for action, we decided to escalate further by (i) opposing, for the second time in a row, the company's Progress Report, and (ii) co-filing a shareholder proposal calling for the company to align its 2030 Scope 3 target with the goal of the Paris Climate Agreement.

- Integrate the company's entire value chain in the climate strategy
- Perform scenario analysis using a scenario where global warming is limited to the Paris Agreement goals
- Align executive remuneration to climate change objectives

We expect companies submitting their transition plans to a shareholder vote to commit to a regular vote on such a strategy and its implementation. We also expect boards to carefully consider the results of shareholder votes and follow up on them.

Case Study

Say on Climate at Woodside Energy

Australia's top gas producer Woodside Energy submitted its climate transition plan to a shareholder vote at its 2024 AGM, which AXA IM opposed. Indeed, despite improvements with respect to further details on the long-term Scope 3 reduction strategy and climate governance (with the inclusion of an emission reduction metric in management variable remuneration), we raised concerns on the company's overreliance on carbon offsets leading to lack of credibility in the company's emission reduction targets.

The company's transition plan encountered a significant shareholder opposition of 58%. This marks a pivotal moment, representing the first time ever where a majority of shareholders in a publicly traded company have rejected a company's Say on Climate. The board's response to such defiance from its shareholders will be closely monitored.

Sustainability reports

Beyond Say on Climate resolutions, we also voted on 81 sustainability reports, a significant increase compared to 2023 (33) resulting from recent legislation in Switzerland, mandating large Swiss companies to submit their sustainability reports to an annual vote. All votes were submitted either at Swiss (70%) or Spanish (30%) companies (Spain having mandated such a vote in 2019).

When analysing sustainability reports, we expect the information reported to:

- Be accessible and appropriately integrated into other information that enables investors to obtain a picture of the whole company
- Include ESG-related information that is material to the company's strategy and performance
- Use KPIs that are linked to strategy and facilitate comparisons
- Be strengthened where possible by independent assurance that is carried out annually with an eye on established disclosure standards

AXA IM opposition to such reports in 2024 (7.4% of all votes) resulted from:

- Specific concerns about the company's climate strategy
- Broader concerns about the level of quality and transparency of extra-financial disclosure
- An escalation of an ESG-related engagement

Putting ESG to work

AXA IM is a long-term, responsible investor with the aim of delivering sustainable returns for clients.

We believe that by building a powerful understanding of the ESG risks to an investment, we can better target sustainable returns. We aim to achieve this goal via in-depth research, data analysis, and the construction of portfolios which look to optimise both financial and non-financial factors. Our investment process reflects our core belief that a focus on sustainability can ultimately deliver the best economic and financial performance over the long term.

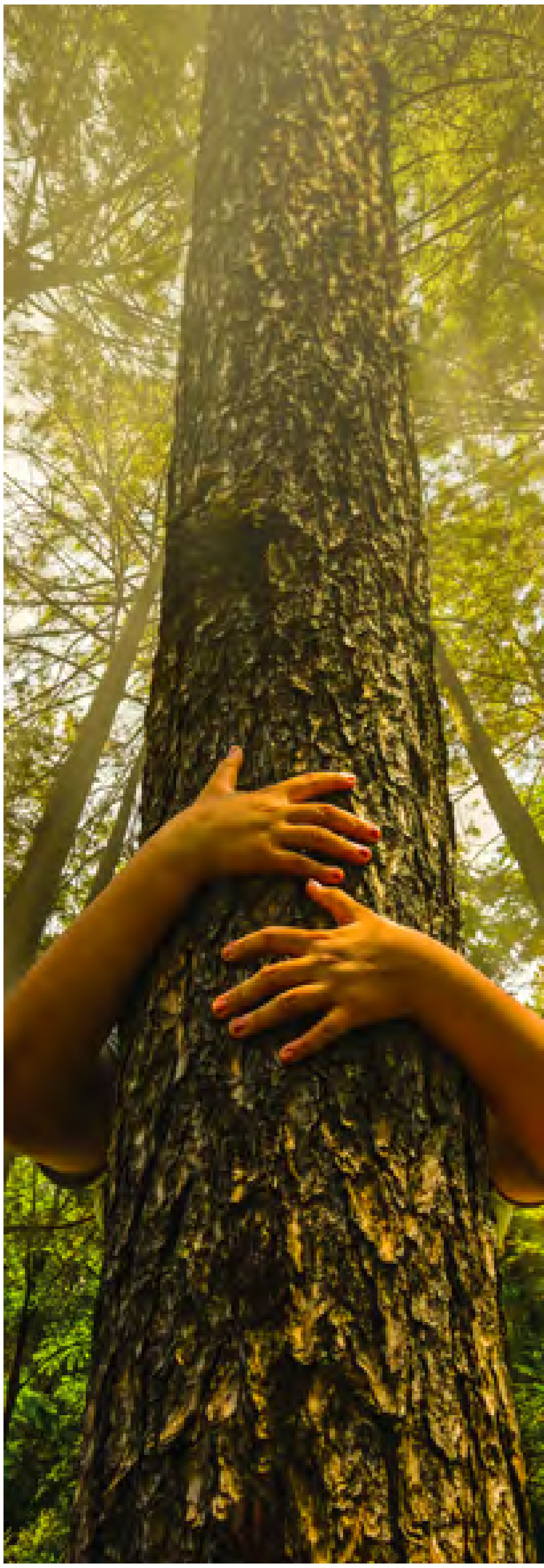
Our quantitative and qualitative ESG research is designed to help us better understand the materiality of ESG challenges for sectors, companies, and countries. This research feeds our integration and exclusion strategies by identifying where assets might be exposed to ESG risks that could have a detrimental and irreversible effect on the performance of our portfolios, as well as on long-term global sustainability. Our normative and sectorial exclusions, applied to the majority of our actively managed funds, set the red lines and send a clear message to companies and sovereigns on what we consider unacceptable from an ESG perspective. We additionally manage open-ended funds to which additional exclusions apply, in the context of their adherence to the French ISR label (43 funds representing over €34 billion AuM at end of 2024), Greenfin label (two funds representing c. €1.4 billion AuM), the Belgian Towards Sustainability label (nine funds representing c. €5.2 billion AuM), and/or based on the European Securities and Markets Authority (ESMA) fund naming guidelines (19 funds representing c. €16.9 billion AuM). For assets where we remain exposed, we apply our voting and engagement strategies with the objective of supporting issuers in their transition journey.

Our risk identification process

Our broad approach to sustainability risks

AXA IM uses an approach to sustainability risks derived from the integration of ESG criteria in our research and investment processes in accordance with their SFDR or equivalent classification. We have implemented a framework to integrate sustainability risks in investment decisions, which relies notably on:

- **Sectorial and normative exclusions** policies covering ESG factors to exclude assets exposed to the most severe sustainability risks identified during our investment decision-making process:
  - **Environmental:** climate (coal mining and coal-based energy production, oil sands production and oil sands-related pipelines, shale and tight oil and gas; arctic oil and gas); biodiversity / ecosystem protection and deforestation (palm oil and derivatives, soy meal, oil and derivatives, cattle products, and timber products)
  - **Social:** health (production of tobacco and tobacco-related products);[38] labour, society, and human rights (violations of international norms and standards);[39] controversial weapons manufacturing; white phosphorus weapons producers; exclusion of investments in securities issued by countries where serious violations of human rights are observed; soft commodities (food commodities derivatives)
  - **Governance:** business ethics and corruption (severe controversies, violations of international norms and standards)
  - **Cross-cutting:** low ESG score
- Proprietary ESG scoring methodologies[40]:
  - On listed assets, we apply ESG scoring methodologies for corporates, sovereigns and on GSSBs. We use an ESG scoring methodology called Q^2 (qualitative and quantitative) which relies primarily on index provider MSCI with some proprietary add-ons that represent the added value of AXA IM's ESG scoring capacity: coverage, fundamental analyses, and instrument-level differentiation.
  - Specific ESG scoring methodologies have been developed for real assets (i.e., direct real estate property, commercial real estate (CRE) debt, listed real estate platform companies, infrastructure debt and equity), as well as for Alternative credit, Natural Capital & Impact scoring methodologies (i.e., leveraged loans, collateralised loan obligations (CLOs), asset-backed securities (ABS), insurance-linked securities (ILS), synthetic risk transfers (SRTs), mortgages, non-performing loans (NPLs), and our impact investments (in companies, projects and funds).
  - On funds of funds or funds of mandates managed by AXA IM Select,[41] ESG scores are assigned at manager and fund levels. Those ESG scores are the result of an ESG due diligence covering four areas: i) policy and governance; ii) ESG integration; iii) engagement and stewardship; and iv) risk and reporting. As part of the policy review, asset managers are screened on their adherence to our sectorial and normative exclusion policies.



[38] In 2024, AXA IM has shifted its exclusion policy on tobacco from an ESG Standards policy applying in principle to all our open-ended RI funds to an RI Sectorial policy applying in principal to all assets under management, with the goal of increasing the portion of Assets under Management (AuM) covered by this exclusion policy.
[39] UN's Global Compact Principles, International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UNGPs.
[40] AXA IM ESG scoring methodologies are detailed in AXA IM ESG Methodologies Handbook available on the AXA IM website.
[41] Previously managed by Architas and assets from AXA Group's general accounts.

Putting ESG to work

- On funds of funds managed by AXA IM Prime, ESG scores and adherence to AXA IM's sectorial and normative exclusion policies are assessed through proprietary ESG Due Diligence & Monitoring Questionnaires (DDMQ) at manager and fund level for primary and at manager and company level for co-investments. This approach is applied to all AXA IM Prime expertises (i.e., private markets, including private equity, private debt, infrastructure equity, and hedge funds), as well as direct strategies (general partner level scoring). A tailored approach applies to secondary investments.

- This framework is complemented by:
  - In-house ESG research on key themes including climate change, biodiversity, gender diversity, and human capital as well as on human rights, public health, Just Transition and corporate governance, supported by broker research as well as regular meetings with companies, participation in conferences and industry events. We think this research helps us to better understand the materiality of these ESG challenges for sectors, companies, and countries.
  - **Internal qualitative ESG and impact analysis** at company, country and instrument level. For impact-related investments, we have developed a specific Impact Qualitative Analysis frameworks for listed equities and GSSBs.
  - **ESG KPIs:** Investment teams have access to a wide range of extra-financial data and analysis on ESG factors, across asset classes.
  - **Stewardship strategy:** We adopt an active and impactful approach to stewardship (engagement and voting) by using our scale as a global investment manager to influence company and market practices. In doing so, we strive to reduce investment risk and enhance returns as well as driving positive impact for our society and the environment. We believe these are key to achieving sustainable long-term value creation for our clients.

Controls

The ESG and climate themes are covered by AXA IM's control framework, with responsibilities spread between the first level of controls performed by the business and second level of controls performed by dedicated teams.

ESG-related investment guidelines consist of our exclusion policies, as well as eligibility criteria and rules specific to some funds, including those which have been awarded sustainability-related labels.[42] Monitoring is carried out as follows:

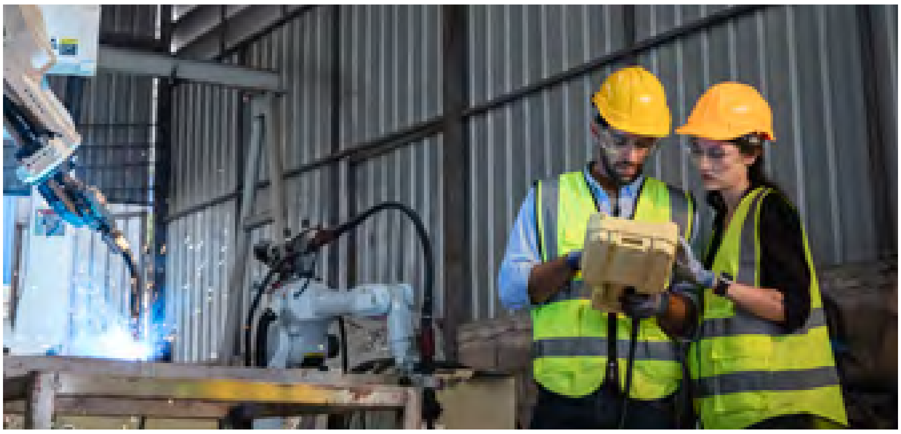
- The portfolio management teams are primarily responsible for the implementation of policies and commitments. Funds' specific RI objectives are reported in monthly Investment Oversight Forums. Following ban lists and/or eligible universe updates, portfolio managers divest from issuers taking into account the client's or the fund's best interest.

- The investment guidelines team ensures independent and systematic pre-and post-trade controls on policies and fund-level commitments. This team monitors the correct application of the exclusion lists derived from top-level RI policies and ESG standards, sustainability-related labels and other fund-specific commitments as mentioned in their regulatory documentation.

- The compliance department carries out ad hoc controls on the work performed by the investment guidelines team but also makes sure that RI internal processes are respected, and ensures compliance with regulatory requirements in AXA IM's RI strategy at both entity and fund level.

- The risk management department assesses the likely impact of sustainability risks on the products' return and for listed assets it classifies them within three levels: low, medium and high.

- The audit department performs periodic controls. Audits are performed according to an annual risk-based audit plan, which is approved and monitored by our governance bodies, in particular the AXA IM Audit & Risk Committee. Higher risk areas and those required by regulation to be covered regularly are subject to audits on a more frequent basis compared to the less risky areas, which are covered over a longer cycle.



[42] Such rules are described in the regulatory documentation of the products.

Putting ESG to work

Emerging Risk Framework

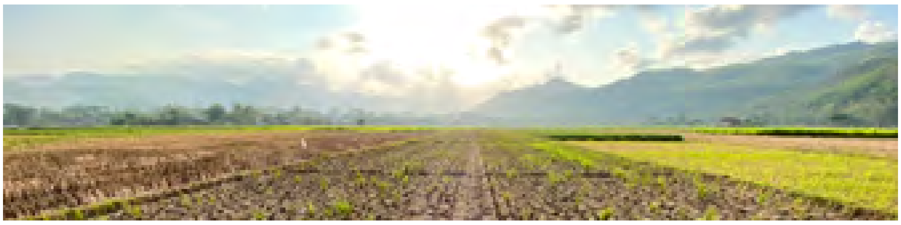
The Emerging Risk Management Framework aims to ensure the consistency of the process of identification, assessment, mitigation, and management of the emerging risks faced by AXA IM. Emerging risks can potentially have serious consequences if they are not anticipated in a timely manner.

Emerging risks are defined as either new risks, or risks that already exist but one or more of the components of the risk's current dynamics are not adequately understood and could potentially be impactful in the next 15 years. Those risks typically originate outside the firm, in a large spectrum of domains, including environmental (climate change, biodiversity loss, etc.), global economy (changes in macroeconomic conditions, financial market instability, etc.), geopolitics (instability, conflicts, etc.), political or societal (societal or cultural shift, influence of media and social medias, etc.), technological (disruptive technology, new forms of cybercrime, etc.), or business environment (regulation, competitive landscape, supply chain, etc.).

Chief risk officers are responsible for the early detection of risks. The Emerging Risk Management Framework is designed to enhance AXA IM's understanding of these risks and allow us to adapt our business and processes accordingly. By encouraging a foresight approach, it is also an opportunity for risk management functions to contribute to the strategy of the company.

The purpose of the current exercise is to identify changes and assess how and when those evolutions will impact the firm, notably on the three dimensions below:

- **Strategic dimension:** evolutions with the potential to threaten achievements of the firm's strategic objectives or to impair the long term value of the firm, challenging its viability as a going concern (e.g. damage to reputation)



- **Business dimension:** evolutions with the potential to materially impact the firm's business risk profile
- **Operational dimension:** evolutions with the potential to materially impact the firm's operating framework or materially impact the firm's operational risk profile

The Emerging Risk Management Framework includes:

- **Risk identification:** The risk identification is performed through interviews with key stakeholders from a large number of AXA IM departments (including investment platforms, client group, legal, regulatory development team, innovation team, responsible investment team, human resources, etc.) and with inputs from AXA IM executives.
- **Risk prioritisation:** All risks are assessed according to their severity and their impact time horizon. Risks are then prioritised using the severity assessment performed, and based on any other relevant prioritisation criteria.
- **Mitigation actions:** As part of this exercise, existing mitigation plans are identified and new mitigation plans are agreed where relevant.

Emerging risk exercise 2024 outcomes

The outcomes of the emerging risks exercise are discussed at the AXA IM Global Risk Committee. In this context, ESG risks includes a large spectrum of risks, from climate change and biodiversity loss, to societal and cultural aspects, as well as its impact on the firm environment (e.g. sustainability-related regulations), on the competitive landscape (e.g. impact on economy and market, emergence of new types of products), or on the firm operating framework (e.g. impact of supply chain).

On top of already well known ESG emerging risks (e.g. increasing frequency and materiality of extreme weather events, volatility and complexity of ESG regulations), the 2024 Emerging Risk exercise notably included more recent outcomes:

- On societal and cultural aspects, the emergence of ESG backlash and greenblushing in the U.S. is increasing asset management firms' reputational risk when publicly promoting strong ESG ambitions. Another example of risk in this area is the growing public concerns about emerging social issues which is increasing firms' reputational risk on the 'S' dimension of the ESG risk, in a context of lack of adequate tools to measure social factors.
- On competitive landscape aspects, the outstanding lower maturity of some ESG related markets (carbon credit, deforestation, water risk and food security, etc.) is increasing asset management firms' reputational risk when invested in those markets, in a context of increasing investors and Non-Governmental Organisation's (NGO's) scrutiny (e.g. higher risk of adverse events such as fraud, higher risk of controversy on investments because of lack of reliable metrics, difficulties for the firm to demonstrate adequacy of an investment decision, etc.). To be noted also is the development of new or growing ESG markets, such as products that enable actions on adaptation to climate risk (rather than on reducing the climate risk), or blue bonds in the biodiversity loss area.

AXA IM Core

We believe the consideration of non-financial factors, specifically ESG issues, can help us deliver sustainable returns over the long term. There are four key reasons why we believe considering such factors is important:

- They can help identify companies with serious ESG risks
- They can help improve our understanding of how long-term issues are integrated into a company's strategy
- They allow us to refocus portfolios around companies we think have implemented good practices in terms of their ESG impact
- They can inform an active dialogue around the management of ESG issues, potentially helping improve companies' performance and thereby limiting our ongoing exposure to risks

AXA IM Core has a comprehensive and proactive approach to integrating ESG factors into the decision-making process across equity, fixed income and multi-asset platforms. This approach, which consist of the ESG Data & Research, Exclusions and Stewardship, not only allows us to assess risk and return more systematically but also has the potential to create positive impact and contribute to a more sustainable future:

- In equity portfolios managed with a quantitative approach, ESG information is integrated into investment decision-making in several ways. One approach is that we directly embed sustainability data into our quantitative modeling; for example, our research has shown that boardroom diversity influences company profitability, and as such, we explicitly consider diversity alongside traditional fundamental data in our proprietary measure of earnings quality. In addition, when our quantitative equity portfolios are optimised, ESG information such as ESG score as well as KPIs such as carbon intensity, are considered alongside traditional alpha and risk measures. The outcome of this process is to direct investment towards companies with more attractive sustainability profiles and avoid companies with critically weak sustainability indicators, whilst maintaining target alpha and risk objectives.
- In equity portfolios managed with a judgmental approach, the investment teams typically work closely with dedicated equity ESG and Impact analysts. These experts conduct their proprietary fundamental research on extra-financial criteria of companies under investment consideration. Their role is to analyse corporates on E, S and G considerations from both a risk and opportunities perspective. In addition, they perform impact assessments on companies to determine eligibility for inclusion in our listed equity impact strategies.
- In fixed income, our credit analysts use ESG measures to identify material concerns that could impair the credit quality and long-term sustainability of issuers. By incorporating a wide range of ESG factors into credit analysis, we can identify those risks most relevant to credit investors and potentially minimise downside risk. ESG factors are also important for sovereign and quasi-sovereign debt and are therefore integrated into our investment process, with different quantitative indicators for sovereign issuers compared to corporate issuers.

The multi-asset platform uses research from the equity and fixed income platforms which is then leveraged for its own portfolios. Together with the qualitative research on ESG factors provided by its own team, its use of quantitative data allows multi-asset portfolio managers to prioritise securities with good ESG performance.

Each platform actively participates in Sustainability Dialogues with company management to encourage responsible corporate behaviour and disclosure practices, and occasionally contributes to Engagements with Objectives held by the RI and corporate governance research teams.

As of the end of 2024,79% of AXA IM Core's funds were classified as SFDR Article 8 or 9. Furthermore, over €29 billion worth of AXA IM Core open-ended funds have been awarded with the French ISR label and c. €5.2 billion with the Belgian Towards Sustainability label.

AXA IM Core

Equity

Beside ESG qualitative analysis, a dedicated team of analysts conducts impact assessments on companies according to a five-pillar proprietary framework.

As a member of the advisory committee of the GIIN, we contributed to the Guidance for Pursuing Impact in Listed Equities published in March 2023. Our impact analysts use our proprietary impact research framework to assess the contributions of companies to environmental and/or social objectives and the UN SDGs. This framework is based on five pillars which are specific to impact investing and is used in our impact funds to identify companies contributing to funds' predefined targeted impact objectives.

Through our research, we seek to identify 'Impact Leaders' - the highest-rated companies in terms of delivering positive societal impact. We typically focus on companies selling critically important goods and services and which generate significant additionality by leveraging technology, scale, or innovation to make goods and services accessible and commercially viable in potentially underserved markets. We believe our in-depth impact research, when integrated into our traditional company and financial analysis, is a powerful tool to identify potential long-term winners.

Case Study

Social Equity strategy

AXA IM's social equity strategy is based on an impact investing approach that aims to have a direct and positive effect on society while contributing to a more sustainable future. This strategy invests in publicly listed companies addressing a range of social needs - and which demonstrate an impact and clear alignment with social UN SDGs. Investment areas include inclusion (such as essential infrastructure and finance), healthcare solutions, and protection (such as personal safety, insurance, and cybersecurity).

AXA IM applies a qualitative impact framework to evaluate the alignment of company activities to UN SDGs and quantify their impact on social issues.

To comply with the French ISR label's updated guidelines, the fund commits to outperform its benchmark on two KPIs - carbon intensity and the number of women on the company's board.

By adding environmental objectives to this socially-focused strategy, AXA IM ensures the social objective does not come at the expense of environmental performance. Using an unconstrained, multi-cap strategy, the aim is to invest in publicly listed companies in developed and emerging markets which we consider offer high growth potential and that focus on providing products and services across a range of social needs.

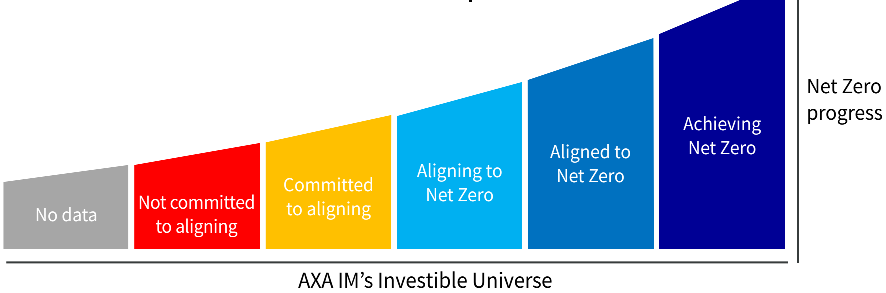
Fixed income

Corporate ESG analysis

In AXA IM's credit process, analysts use a qualitative ESG template to assign a view on company management and momentum around ESG issues. ESG analysts support this effort by providing sector specific analyses of the most material ESG considerations. Credit analysts highlight ESG strengths and concerns, ESG KPIs and governance structure, with the key ESG topics, risks and KPIs highlighted at the discretion of the analyst, allowing them to select topics most relevant to the issuer. AXA IM uses its dedicated Climate Colour framework to assess the transition plans of investee companies. The framework leverages quantitative information from third-party sources and qualitative analysis to confirm the credibility of the strategies. The credit research team reviews past decarbonisation performance, forward-looking measures, and capital allocation in the context of sectoral and geographical characteristics to identify leaders and those lagging in achieving net zero.

Our US credit team annually defines a focus list of companies, prioritising issuers designated 'red' or 'orange' by our proprietary Climate Colour framework.[43] They accounted for 51% of engagements (including both Engagement with Objective and Sustainability Dialogue) conducted by the U.S. credit team over the course of 2024.

AXA IM Climate Colour framework for corporates



Source: AXA IM, end of 2024.

Case Study — Chugoku Electric Power

Engagement with objectives

Commences | Company responds | Escalation | **Progresses** | Success | Fails

Engager: **AXA IM Japan Core Investments**
Asset class: **Not applicable**

AXA IM Japan's investment team started engagement early 2024 with Japanese power utility Chugoku Electric. As the first power company to issue a transition-linked bond, the company is therefore seeking to strengthen its engagement practices with bond investors on transition finance.

We joined a first meeting in early 2024 with the finance general manager, aiming to communicate our expectations with respect to bondholder engagement. Among other things, we highlighted issues such as the lack of communication channels with bond investors, or reluctance to communicate with bondholders compared to equity investors, and requested a joint ESG briefing for both investor types.

We then followed up via an individual meeting to provide feedback on the company's carbon neutral strategy, including the need to set and disclose interim reduction targets, and its future power mix. We also suggested an industry-collaborative engagement involving major electricity companies, investors, industry experts and the Japanese government to promote decarbonisation across the industry, which emits about 40% of Japan's CO_2.

The company relayed our suggestion for joint industry engagement on transition to the Federation of Electric Power Companies of Japan. The company also announced in 2024 a Transition Action Plan and decarbonisation-related investment plan. At the end of 2024, the company held its first ESG briefing for both equity and fixed income investors, as requested earlier in the year. This was an opportunity to visit the latest coal-fired power plant in Shimane, understand its role during the transition period and discuss the company's action plan directly with the head of carbon neutrality. With the Shimane Nuclear Power Plant Unit 2 restarting at the end of 2024 (commercial operation in January 2025), the company is making significant progress in its transition efforts.

The company's reliance on coal is currently above AXA IM maximum acceptance. Still, the power industry is a vital sector in terms of bond issuance and transition finance for achieving net zero. By accelerating the transition across the industry, it could become a more attractive investment opportunity from a RI perspective. We aim to support this acceleration through ongoing engagement with the industry as a whole.

[43] AXA IM Climate Colour frameworks are detailed in AXA IM Net Zero Targets Methodologies available on the AXA IM website.

AXA IM Core

Fixed income

Sovereign ESG analysis

Analysts and portfolio managers have access to sovereign ESG scores and ESG-related KPIs in their front office tool as a complement to traditional macroeconomic country analysis. We believe a full assessment of each ESG pillar is necessary to understand the impact of ESG factors on long-term economic sustainability. For sovereigns, among key ESG topics, we have particularly targeted CO_2 emissions, energy use, renewable energy consumption, and the water exploitation index score.[44]

Discussions also take place with sovereign issuers on ESG topics during regular meetings with treasuries, agencies, central banks, and other government ministries as well as during the process of green and social bond issuances. All offer an opportunity to delve into sovereigns' public spending programmes around sustainability and to better understand countries' ESG risks. In 2024, we had 22 engagement discussions with 21 quasi-sovereigns, governments, agencies, and supranational issuers.

In 2024 we developed a Climate Colour framework for sovereigns to assess sovereign issuers' progress towards achieving net zero and current alignment to a net zero pathway, which in the future could be used to inform engagement discussions with sovereigns.

Case Study — Italian Treasury

Sustainability dialogue

Engager: **Core Portfolio Managers and Sustainability Analysts**
Asset Class: **Fixed Income**

We met with the Italian treasury in the context of our Climate Colour framework for sovereigns, which we have developed over the course of 2024 to establish countries' level of climate ambitions and alignment with a net zero trajectory, and for which we were surprised to see Italy receive an orange rating. In discussing the country's climate ambition, the treasury indicated its plans to phase out coal by 2025 for most regions and by 2030 for the entire country. It has also focused its efforts on increasing reliance on renewable energy with a goal to reach a majority share by 2030 – which it considers achievable despite the regional differences in progress levels. We suggested to the treasury to formalise a fair transition strategy that considers the social impacts of transition efforts and enhances the reporting of social metrics associated with climate transition projects.

Despite these efforts, we communicated to the treasury that it received an orange rating according to our Net Zero framework, which was mainly due to the fact that the CSDR European Directive had not yet been transposed into Italian law according to our latest data. The treasury came back and confirmed that the CSDR directive has been transposed into the Italian legislation system on September 6th, 2024. We raised this issue with our data provider leading to Italy's reclassification as light blue earlier this year.

Additionally, we made use of the opportunity to discuss Italy's green bonds framework. The Italian treasury emphasised that it remained fully committed to its green bonds programme, with issuances expected in 2025. Simultaneously, it is revising its green financing framework to reflect changes in market practices since the inaugural issuance. The framework will continue to align with International Capital Markets Association (ICMA) principles. Additionally, we discussed their 2024 Green Bond Allocation and Impact Report, which provided an adequate level of transparency and granularity on projects financed through the green bonds and the positive environmental impact. For sustainable reporting purposes, we communicated to the treasury that it should aim to disclose more information on project alignment with the EU Taxonomy, including the 'Do No Significant Harm' principles and Minimum Safeguards, with external verification of this alignment by a third party. Lastly, we discussed the potential integration of EU Green Bond Standards, which may take some time considering they are still in the early stages of adoption among issuers. We will continue to monitor these topics in our future meetings.

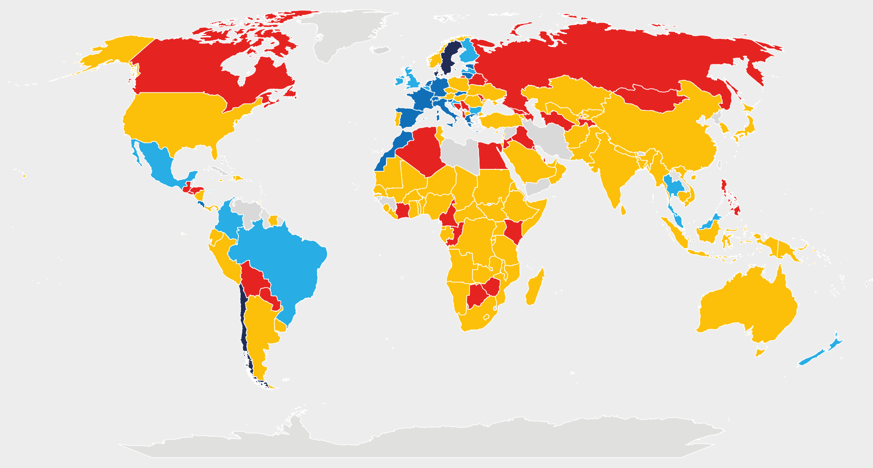
[44] The European Environment Agency's water exploitation index measures the mean annual total demand for freshwater divided by the long-term average freshwater resources.

AXA IM Core

Fixed income

Labelled bonds engagement activity in 2024: statistics and key themes

AXA IM Climate Colour framework for sovereigns



Source: AXA IM, end of 2024.

In 2024, we held meetings with 92 issuers of labelled bonds. Out of these meetings, 63 focused on green bonds, 15 on sustainability bonds, 10 on social bonds, and four on sustainability-linked bonds. We had the highest number of discussions with banks and other financial institutions, followed by supranationals, sub-sovereigns, and agencies (SSAs), and utilities. This year, our discussions primarily centered on green bonds and green projects, reflecting their significant share of market activity, while fewer engagements were conducted with sustainability-linked bond issuers due to a slow-down in issuance volume.

Key themes for 2024 included net zero alignment, particularly within high-impact sectors such utilities, financial institutions, and real estate. These discussions were driven by our Climate Colour assessments. As long-term investors, we aim to ensure issuers' commitments under labelled bond frameworks align with their broader sustainability ambitions. Discussions explored the integration of Paris-aligned targets for significant emissions scopes, decarbonisation plans, emissions reporting, and capital allocation to climate measures. These are critical factors that feed into our Climate Colour framework and drive our assessment of issuers' ESG profile. Dialogues were also held with sovereign issuers, focusing on their national net zero strategies.

Regarding use of proceeds, we provided feedback on issuers' sustainable financing frameworks, pressing for stricter alignment of eligibility criteria with recognised environmental standards (e.g. Climate Bonds Initiative, EU Taxonomy), while exploring the potential incorporation of the EU Green Bond Standards. Impact reporting remains a key aspect of our use-of-proceeds bonds assessments, with an increasing focus on improving the quality and relevance of reported metrics (see case studies below).

We believe these discussions to be more effective when held at the pre-issuance stage, where companies and organisations are more receptive to investor feedback on sustainability expectations. We also replied to requests from issuers seeking to better understand our preferences and requirements. In addition to issuer-specific discussions, we participated in broader market dialogues to address regulatory developments, investor expectations, and promote best practices in the labelled bond space. This includes issuer-investor roundtables organised by syndicate banks, sustainable debt conferences, and ICMA working groups.

Focus on impact reporting

In 2024, we dedicated more time to engagements on impact reporting, which is a key element of our assessment frameworks. Following a review of previous labelled bond assessments, we engaged with issuers whose reporting practices we identified as needing some improvement, aiming to enhance transparency and alignment with best practices.

AXA IM Core

Fixed income

Case Study — Koninklijke KPN and NWD Finance

Engagement with objectives

Commences | Company responds | Escalation | Progresses | Success | Fails

Engager: Core Sustainability Analysts
Asset class: Fixed Income

These companies issued green bonds under frameworks we had assessed as compliant with our standards. Neither company had, however, published impact reports, which resulted in insufficient transparency. Our discussions focused on understanding their plans for timely disclosure and reinforcing the need for detailed reporting to maintain the credibility of their bonds.

- **Outcome #1:** KPN responded to our request for additional information by pointing us toward its integrated annual report. Nevertheless, after reviewing the report, we felt that KPN should do more to differentiate the improvements directly attributable to the green bond versus broad corporate spending. KPN did note that following the publication of the 2024 report, it intends to publish documentation of its impact reporting. We will continue to monitor KPN's reporting to see if it improves its impact reporting going forward.
- **Outcome #2:** NWD Finance was very receptive to our request and explained that the impact reporting for the most recent green bond was not available yet because the associated building financed by the green bond had only been open for less than a year and it did not have the impact metrics compiled. As one of the earlier real estate investment trust (Reit) green bond issuers in the region, it also inquired about some best practices in terms of the KPIs for the sector and we provided it with both baseline KPIs we expect to see and examples of other Reit impact reports that showcase strong reporting practices.

Case Study — American Express

Sustainability dialogue

Engager: Core Sustainability Analysts
Asset class: Fixed Income

Amex had published an allocation and impact report, but it lacked meaningful KPIs to comprehensively evaluate financed projects' environmental and social impacts. In our engagement, we encouraged the issuer to strengthen its reporting practices by including more granular metrics and aligning with market standards.

- **Outcome:** Amex was receptive to our reporting recommendations. We suggested the inclusion of meaningful metrics in its sustainable bond report such as jobs created, beneficiaries, and avoided emissions associated with financed projects.

Outlook for **2025**

In 2025, we will continue to engage and promote best practices in the labelled bond market. This includes leveraging CSRD adoption to enhance issuer ESG assessments and monitoring companies' progress in integrating the EU Green Bonds Standards, among others. We anticipate broader market discussions on transition challenges in the labelled bond market, new bond formats (blue bonds, blended finance), quality impact reporting, and the incorporation of Just Transition principles into issuers' frameworks.

Case Study Bank Rakyat

Engagement with objectives

Commences | Company responds | Escalation | **Progresses** | Success | Fails

Engager: **ESG & Impact team**
Asset class: **Equity**

Bank Rakyat is one of the largest banks in Indonesia, providing financial products and services to individuals and businesses. Indonesia has made progress in expanding financial inclusion, increasing the percentage of individuals with bank accounts from under 20% in 2011 to just over 50% in 2021.[45] Despite this, Indonesia has the fourth-largest unbanked population in the world, with 98 million of underserved individuals.[46] This is due to challenges such as the country's geographical characteristics as an archipelago, with over 17,000 islands, and low financial literacy and awareness (50% according to the Indonesian Financial Services Authority).[47] Micro, small and medium enterprises (MSMEs) employ 97% of the workforce and contribute over 61% to Indonesia's GDP, [48] but have limited access to formal banking services, limiting their growth potential.

Bank Rakyat makes a strong contribution to SDG 8.10, SDG 9.3, and SDG 1.4, which aim to expand access to financial services to underserved populations. Its loans to ultra-micro and microbusinesses represent 48% of its loan portfolio and cover 37million borrowers,[49] representing a 68% market share in Indonesia as highlighted by the company during engagements. It also emphasised that loans issued to such borrowers typically finance the growth of small businesses. Additionality, this notably comes from the bank's large agents network covering areas with otherwise limited access to financial institutions, its comprehensive offering supporting micro-business transition towards the formal financial system, and its innovative mobile banking solutions.

We have regularly engaged with Bank Rakyat since 2020. In 2024, we asked the bank to set targets for the growth of the micro loan portfolio, the growth of the portfolio of loans to green sectors and set SBTi-validated GHG emission reduction targets. Bank Rakyat is taking our requests into consideration. It is developing a five-year corporate plan for 2025–2029 which will include targets for the growth of the micro and ultra-micro loan business, as it sees particular growth opportunities in rural areas. The bank has set a target for its sustainable loan portfolio of green and social loans, and has obtained validation of its near-term emission reduction targets (with a 2030 horizon) from SBTi in October 2024.

Bank Rakyat has faced criticism over its palm oil financing. This has been a topic of continuous engagement with the company over the past few years. The bank disclosed that palm oil plantations currently account for merely 4% of its loan book. To obtain a loan, new palm oil borrowers are required to obtain or be in the process of obtaining Roundtable on Sustainable Palm Oil (RSPO) and/or Indonesia Sustainable Palm Oil (ISPO) certifications as part of the company's environmental requirements integrated into its lending process. In addition, progress regarding certified borrowers is reported annually. This portion of loans is expected to continue to trend lower as the bank shifts its focus towards micro-borrowers and renewable energy projects.

[45] World Bank, November 2023, Inclusion Through Innovation in Financial Services: Winning Over Businesspeople and Consumers in Indonesia.
[46] DBS, March 2024, Indonesia has the fourth-largest unbanked population in the world, here's how Bank DBS Indonesia promotes financial inclusion.
[47] SMBC, no date, Financial Education.
[48] UN Development Programme, 2021, Micro, Small and Medium Enterprises bear the brunt of the COVID-19 pandemic in Indonesia.
[49] Bank Rakyat, 2023, Annual Report and full-year 2023 Financial Update (no link available).

AXA IM Alts

Responsible investment sits at the core of AXA IM Alts' approach to business. We actively consider financial and non-financial criteria during our investment process – from origination of opportunities to the investment assessment and decision-making process at acquisition, and through to our active ownership of investments.

This integrated approach is fundamental to the good stewardship of our investments. By making specific non-financial considerations part of our investment processes, we believe we can ensure better visibility of sustainability-related risks and potential adverse impacts on our investments. This visibility should provide us with a broader perspective on asset and sector-specific risks which then informs our underwriting and asset selection. Ultimately, it also helps to shape our view on investment risks, returns, and liquidity, and we believe it also enables our teams to better identify and unlock opportunities to enhance value for clients.

The integration of the assessment of sustainability risks at investment level and the application of group-wide sectorial exclusions and ESG-scoring methodologies can help us to address the most material sustainability risks at the time of an acquisition. From this position, we see an important opportunity to improve the performance of our investments through active management, stewardship, and engagement. The goal is to amplify the impact we can generate through our investments while continuing to generate sustainable long-term returns for our clients.

Additionally, we implement a series of structured discussions across our investment platforms to encourage companies, borrowers, and tenants to consider, enhance and disclose their environmental strategy and monitor their impact.

AXA IM Alts

Real Estate Equity

As users of our assets, the tenants of the buildings under management are key contributors to delivering the ESG performance of real estate assets. We actively engage with them, convinced that cooperation with tenants is a necessary condition for the implementation of relevant and effective measures over the long term. It has been demonstrated that the proper use of a building's facilities is a key factor in reducing its environmental impact (energy use optimisation, water consumption reduction, waste recycling, and so on). For this reason, it is essential to be proactive in supporting tenants to make good use of building facilities and to provide them with recommendations and good practices to implement. In addition, tenant engagement can lead to improving tenant user experience and wellbeing, as well as developing positive economic outcomes for the building users and the local communities by taking part in the organisation of dedicated events, such as job fairs and trainings.

Our tenant engagement efforts are focused around three core areas:

LEARNING	MONITORING	LIAISING
Educating our tenants on ESG to influence behavior and improve buy in	Collecting **data** on the asset and leveraging it to create targeted solutions	Maintaining a **dialogue** with our tenants to understand their present and future needs

Source: AXA IM, end of 2024.

Learning

We distribute ESG guides to the tenants of our assets to educate and increase awareness of ESG issues and the specific features of our assets related to ESG. For commercial tenants we provide fit-out guides to aid in mindful procurement. Through our ESG rating we track the number of assets for which such tools are already deployed.

Monitoring

We intend to integrate an ESG clause (green lease) as standard to new contracts or contract renewals to maximise the sharing of consumption data from tenants and agree on ESG targets and monitoring for the building. We encourage the mutual sharing of utility consumption data and feedback on their evolution to further the discussion of targeted solutions.

Liaising

We perform annual tenant satisfaction surveys to collect feedback from our tenants on their user experience and level of satisfaction. Within the past three years, 688 assets were included in such an initiative across Europe (excluding Switzerland), corresponding to €34 billion of assets under management - circa 92% of assets under management in scope. We also promote the deployment of an annual ESG (or 'Green') Committee, which is a meeting dedicated to ESG topics between the asset manager, the property manager, and the tenant. In 2023, 69% of assets under management in scope reported they carried out an ESG Committee with at least one tenant (+19% compared to previous year).[50] See also the case study below.

We continually work to increase our coverage and further internal and external integration of ESG factors by disseminating ESG training throughout our chain of stakeholders, from property managers to internal asset managers.

[50] European AUM in scope excluding Switzerland, assets under development, platforms and assets out of scope such as forest, parking, plot of land and unit cells.

AXA IM Alts

Real Estate Equity

Case Study

ESG guide for residential tenants

In the fourth quarter of 2022 we launched our ESG Guide for Residential Tenants focusing on operational initiatives to reduce utility (energy, water, and waste) consumption / production, and improve overall wellbeing of tenants across our residential assets. The guide was created with the intention of being a simple and easy-to-understand set of recommendations for tenants, including a series of 'tips and tricks' on how they can contribute to improving the ESG performance of assets they occupy.

The guide was shared to all residential Property Managers (PMs) for distribution to tenants. PMs were instructed to either share as a standalone guide to existing / new tenants or include as part of a 'starter pack' offered to tenants when moving into their new home. Tenants were encouraged to read its content and familiarise themselves with operational initiatives including, but not limited to, adjusting thermostats to optimise heating in occupied rooms, switching off lights when rooms are not in use, operating internal window blinds to minimise heat gain in the summer and maximise in the winter, responsible use of water in bathrooms, kitchens and gardens (if applicable), and recycling / repurposing of household waste, where possible.

The guide contributes to our tenant engagement strategy across the entire real estate portfolio, to encourage landlord-tenant collaboration. The guide is currently being revised with the intention of issuing an update in 2025 aiming to consider additional areas to further improve tenant health and wellbeing. This will take place in conjunction with a non-residential sector guide to encourage operational improvements across the wider portfolio.

Commercial Real Estate Debt

For our CRE Debt platform, we sought to actively improve the level of data visibility on underlying assets to better assess environmental risks and asset efficiency. Historically, access to such data in private or secondary markets has been poor, which has hampered visibility of the efficiency or underlying ESG performance of assets.

We undertook a two-step approach to improve this:

- First, we engaged with a third-party data provider to assist with the assessment of carbon emissions, based on estimated emissions per square meter for different asset types in different countries. This enabled us to generate an estimated carbon footprint for the portfolio.
- The natural limitations of this dataset were then addressed by including a second step which involved structural dialogue with our borrowers via a survey to collect various ESG information and KPIs including energy consumption, Energy Performance Certificates (EPCs), certificates, and CO_2 emissions.

2023 marked the third year in a row where the annual survey was circulated. The survey was sent out to over 40 borrowers, representing 58 loans valued at €9 billion. We received a 90% response rate, representing some €8 billion of assets under management as of 31 December 2023, which is a 42% year-on-year increase. The 2024 campaign is ongoing with results expected in March 2025.

Information shared since 2021 has, for example, helped us develop a deeper level of insight into carbon and energy efficiency-related risk in our portfolios, in addition to our growing knowledge base of physical and transitional risk. This information further informs refinancing opportunities and our ability to work more closely with borrowers and underlying assets in our journey towards net zero before 2050.

AXA IM Alts

Infrastructure Debt

At the end of 2023, infrastructure debt launched its first structured ESG data collection initiative, aimed at enhancing the integration of ESG factors into investment decisions. This initiative uses a comprehensive annual questionnaire, targeting both borrowers and their sponsors, and covers a wide array of material ESG topics.

The survey serves as a vital tool for the investment team to gather material ESG data and insights, with a focus on key areas such as principal adverse impacts, alignment with green taxonomies, carbon and climate risk exposures, health and safety practices, social contributions, and governance standards.

Through this structured approach, the team is able to assess, manage and monitor ESG risks and opportunities more effectively pre and post-investment. The information will further inform refinancing opportunities and the ability to work more closely with borrowers and underlying assets on key ESG topics such as, but not limited to, meeting net zero before 2050.

As of the second quarter of 2024, the survey was sent to over 70 borrowers, representing €11 billion and received a response rate of 88%. The next ESG data collection campaign is about to be launched, with results expected in the second quarter of 2025.

Infrastructure Equity

The launch of our structured ESG data collection initiative in 2024 also encompassed infrastructure equity investments, reaching out to our investee companies through a dedicated survey to collect key ESG information. This survey addresses a broad range of material ESG themes for equity owners, such as principal adverse impacts, alignment with green taxonomies, carbon management (including Paris alignment and decarbonisation strategies), climate risk exposure and mitigation, biodiversity preservation, health and safety practices, gender diversity, social contributions, and governance standards.

The survey facilitates both pre and post-investment ESG performance and risk assessments on an annual basis, providing a foundation for customised engagement with our investee companies and co-investors. In 2024, the survey was shared with all our investee companies, representing €4 billion in investments, with a 100% response rate.[51] The 2025 survey is set to launch soon, with results expected in the second quarter.

[51] of which 33% was completed by our investment managers on behalf of investee companies who provided us with standard ESG reporting.

AXA IM Alts

Natural Capital and Impact Investments

The AXA IM Impact Investing strategy targets the delivery of market rate financial returns alongside the generation of positive, intentional, and measurable impact returns. Our guiding mission is to address the needs and aspirations of underserved people globally while protecting the natural environment and contributing materially and directly to the UN SDGs and targets that are relevant to our strategy.

Using alternative assets – private equity, venture capital, private debt, real assets, and project finance – we invest in a broad range of impact themes that aim to deliver on our clients' financial and impact objectives.

We believe the proper management of ESG issues is critical to the long-term sustainability of businesses, and as such, the consideration, integration, and active stewardship of ESG issues is a fundamental part of our investment process.

We have developed a framework for the management of ESG issues that takes account of the alignment of prospective investments with applicable AXA IM RI policies, ESG regulations, recognised standards and norms such as the International Finance Corporation's Environmental and Social Performance Standards, the Environmental, Health and Safety Guidelines of the World Bank, and the International Labour Organization's fundamental principles. This assessment framework is applied to investments during due diligence and over the tenure of our investments.

Our ESG assessment framework covers a comprehensive list of potential adverse impacts in line with emerging regulations. Our assessment framework takes account of a range of ESG issues including climate risks; biodiversity; pollution; health and safety; human rights; conservation of protected areas and protection of indigenous communities; and governance concerns, amongst others. The ESG assessment framework is used to assess investees' performance on material ESG issues and identify areas where improvements are needed.

The ESG assessment framework is systematically applied to all our investments. Where we identified areas of improvement, we develop Environmental and Social Action Plans (ESAP) in collaboration with investees, detailing actions to be undertaken in relation to environmental and social issues identified as part of investment monitoring activities. The ESAP includes responsibilities and timelines within which corrective action needs to be undertaken. We actively monitor implementation of action plans and overall ESG performance throughout our investment tenure.

Case Study

Carbon footprint measurement for SMEs

In 2024 we continued the implementation of our climate action engagement theme, working with our investee companies and projects to enhance and evolve their strategies regarding climate change. The first gap identified was the challenge facing these small and medium enterprises (SMEs) in credibly measuring the carbon footprints associated with their businesses across the various emissions scopes – Scope 1, 2 and 3.

In line with our stewardship responsibilities, in 2024 we appointed a consultant, Climate Seed, to support our investees in conducting credible carbon accounting – calculating Scope 1, 2 and 3 GHG emissions. Climate Seed is an experienced company working with organisations globally to accelerate climate action – its remit included the measurement of GHG emissions, defining reduction strategies and offsetting residual emissions through carbon offsets.

The support we provided to our investee companies and projects using Climate Seed's expertise meant that we were able to achieve full carbon measurement coverage for all our investees, which is a significant achievement given the size, nature, and geographical diversity of our investment strategy, with many businesses and projects located in regions where carbon emissions measurement is still a nascent activity.

In addition to providing the carbon emissions results, our investees were also given a report detailing their largest emissions contributions, thereby identifying areas where investees can take further action to reduce their climate impacts.

We have received feedback from investees on the positive contributions of this exercise to their businesses. In addition to giving them a credible basis for climate action, investees have used the results of this exercise to support fundraising activities, demonstrating to new and potential investors that climate action is embedded within their strategy. Others have used this exercise to demonstrate to customers that they have a responsible approach to climate change, thereby supporting the attraction and retention of customers.

AXA IM Alts

Alternative credit

On the direct investment side (leverage loans and private debt), teams engage with companies, sponsors, and banks to facilitate analysis and ongoing credit monitoring on a regular basis. The engagement activity is realised through an ESG questionnaire for companies and arranging banks, which is completed during the syndication period. In addition, for each new primary issuance the credit analysts meet company management. We have consistently promoted ESG considerations with the arranging banks and sponsors over recent years and believe we have been at the forefront of driving ESG in the leveraged loans market.

In summary, we:

- Seek to understand the ESG issues that impact companies in which we are invested
- Evaluate company's policies and practices in relation to relevant issues
- Encourage companies to align with best practice on ESG issues
- Engage in constructive dialogue where a company's approach or practices on ESG matters is below investor expectations
- Leverage our clients' investor rights to push for desired outcomes from investee companies

On the secured finance side, we aim to leverage our size as one of the largest European investors in CLOs to promote responsible investment practices. We aim to typically direct CLO managers towards higher standards in terms of ESG, both in their day-to-day corporate management as well as in their investment philosophy.

AXA IM only invests with CLO managers that respect minimal ESG guidelines (such as being signatory of a responsible investment international standard like UN Principles for Responsible Investment (UN PRI), having a carbon footprint reduction plan, an inclusion program and exclusion policies). Engagement with compliant CLO issuers mainly occurs pre-investment. When necessary, we will continue the dialogue to clarify our expectations and support them in reaching those, for example by pushing laggards to respect ESG standards (such as to become signatory of UN PRI).

AXA IM Prime

AXA IM Prime is a fully integrated provider of investment solutions across private markets, including private equity, private debt, infrastructure and hedge funds, embracing a diverse range of strategies across primaries, secondaries and co-investments.

AXA IM Prime was established in 2022 and operates within AXA IM. AXA IM Prime implements an ESG integration strategy covering all stages of the investment cycle (pre-investment, investment/holding phase, and exit). We aim to create sustainable value by encouraging and influencing the development of ESG best practices in private markets. As AXA IM Prime is primarily acting as an indirect investor, its engagement activities are focused on its third-party managers, which are prioritised on a range of criteria. During 2024, AXA IM Prime developed an engagement approach to further detail the priority engagement themes and the opportunities for engagement arising from investment activities.

AXA IM Prime identifies four priority themes to address during engagement:

- Climate change, in line with the TCFD recommendations
- Diversity and inclusion, aligned with private market organisations' objective to increase the share of women among investment teams, senior management, and boards
- ESG data quality and availability through the disclosure of comprehensive ESG reporting in line with industry frameworks
- ESG best practices, including becoming a UN PRI signatory, conducting ESG due diligence, and engaging with portfolio companies on ESG

Case Study

ESG data availability

During the first half of 2024, the private debt team engaged with a U.S.-based third-party manager on ESG data availability. Together with the ESG team, the private debt team identified during due diligence that the manager did not provide ESG data to investors and subsequently organised dedicated calls to discuss reporting requirements. After several exchanges and after reaching out to senior executives, the manager agreed to provide the requested ESG metrics. The reporting requirement was included in the contractual documentation of the investment. This consists of a first step in the engagement process as the private debt team will monitor the data availability for the first reporting and will continue to engage with the manager on improving the availability and quality of the reported data.

Additional topics may be identified during the ESG due diligence if considered as a material risk and addressed in engagement actions.

Pre-investment, AXA IM Prime has a threefold ESG due diligence process built around compliance with AXA Group and IM sectorial exclusion policies, minimum ESG criteria, and an ESG score of targets' capabilities both at manager and portfolio levels. This assessment enables the identification of key improvement areas which the ESG team will leverage to engage with the managers. AXA IM Prime also discusses the overall ESG strategy of the manager during an ESG call.

During the investment/holding phase, AXA IM Prime aims to use this stage of the investment cycle as an important opportunity for dialogue and engagement, with the aim of contributing to risk management and sustainable value creation:

- Annual ESG data collection campaign: an ESG questionnaire is sent to managers to update the ESG scores and to collect ESG KPIs. Meetings may take place with the managers to discuss the reported ESG practices and the KPIs.
- Regular dialogues with managers to track the evolution of ESG practices, provide constructive feedback and discuss the identified key improvement areas, and if relevant, to monitor progress against previously defined objectives.
- Participation to governing bodies of the managers.

In 2025, AXA IM Prime will continue to deploy its engagement approach with a focus on engagement tracking and reporting.

AXA IM Select

As a specialist business unit of AXA IM, AXA IM Select is focused on Undertakings for Collective Investment (UCI) management, portfolio management, investment advice, fund research, and building investment solutions on behalf of various AXA entities. We are dedicated to recommending funds for the AXA Group and building multi asset solutions for clients across Europe and Asia.

AXA IM Select implements a robust RI framework integrating key ESG considerations across all stages of the investment cycle, such as ESG due diligence including ESG scoring, risk management via exclusions, ESG data monitoring and labelling, reporting, and disclosures.

Voting rights

AXA IM Select's voting rights were historically delegated to the subdelegated managers of our subdelegated funds. In 2024, with the integration within AXA IM, AXA IM Select has decided to align with AXA IM voting policy and therefore to retain the voting rights internally, in order to ensure consistency with regard to the voting process of AXA IM.

AXA IM Select started with a fund launched in July 2024 which is subdelegated to two external asset managers and expect to be in a position to retain votes on all its funds of mandates by 2025.

Engagement

One other key element more recently formalised as of the fourth quarter of 2024 is the engagement pillar via the RI Engagement Framework. Our goal is to create returns and long-term value while keeping sustainability central to everything we do to protect from risks and leverage opportunities. Contributing to this overall goal, the RI engagement objective is to have a positive impact through investments and to change practices for the better. This implies:

- Encouraging improved embedding of RI in investment processes
- Encouraging consistency of standards and reporting in the industry
- Supporting investment decision-making and improving financial and sustainability outcomes
- Encouraging transparency and disclosure
- Promoting RI

Focus areas – Stakeholder groups and Core Themes

Given the types of assets we manage we have identified the following three priority stakeholder groups that are considered most material in terms of impact via engagement: (i) fund managers; (ii) clients – AXA entities; and (iii) industry initiatives and policymakers.

With regards to the first group, AXA IM Select has identified the following priority core themes, based on experience and aligned to the internal RI approach:

- RI governance, policies and processes of fund managers, including UN PRI signatory status
- Sectorial and normative exclusions, including alignment with AXA excluded areas
- Environmental issues: i) approach to net zero and overarching climate ambition ii) carbon footprint SFDR PAI Indicator #2)
- Social issues: i) board gender diversity (SFDR PAI Indicator #13) ii) Human Rights violations
- Governance issues: artificial intelligence

Engagement with the other two groups, clients and industry initiatives and policymakers, is usually led by the opposite party, therefore themes are determined by them.

Examples of engagement types

Based on experience, it is foreseen that AXA IM Select's engagements can mainly be categorised into one of the following four types: i) to oversee asset managers, ii) to influence change related to RI governance, policies or processes iii) to inform about AXA / AXA IM policies (i.e. provide more insight into AXA IM RI policy and areas where we assess alignment); and iv) to escalate concerns.

In most years, and as part of our regular ESG due diligence, there are several discussions with managers we are invested in under the category of '(i) to oversee asset managers'. An example provided below is one instance when a regular due diligence resulted in engagement under the categories '(ii) to influence change related to RI governance, policies or processes' and '(iii) to inform about AXA / AXA IM policies'. This concerned an engagement held between 2023 and 2024 with an underlying manager who did have a coal exclusion policy in place but with thresholds which seemed to not be material enough. Upon AXA IM Select and other client feedback, it has since revised the specific thresholds related to this exclusion policy.

Where a new fund's current processes do not meet any internal guidance but they are allowed on an exemption basis given the specific circumstances, the underlying manager is fed back with the points that are lacking and what needs to be addressed. This covers both category iii and iv. The expectation here is for the underlying manager to address the gap.

Outlook for **2025**

2025 will be the first full year of implementation of the newly formed engagement framework with adoption from the full investment team at AXA IM Select including the operational due diligence team. It will follow the set-up stated above and can be used as a key RI tool at the disposal of the investment team for positive outcomes. In 2025, AXA IM Select will also extend the AXA IM voting policy to all AXA IM Select subdelegated funds with an objective to complete this project in the first half of 2025.

How the Responsible Investment team is organised at AXA IM

Across AXA IM we have more than 75 dedicated experts embedded within our investment and research teams who are responsible for RI activities, a figure which has been regularly increasing over recent years. These experts sit with the RI Centre, AXA IM Core, AXA IM Alts, AXA IM Prime and AXA IM Select, covering all related aspects including research, due diligence, data/scoring, analytics, stock and credit analysis, as well as active ownership and engagement.

The organisation of RI functions within the business is in line with our principle that RI must be fully embedded within our investment functions, to ensure that ESG is not an 'add on', but simply part of everything we do.

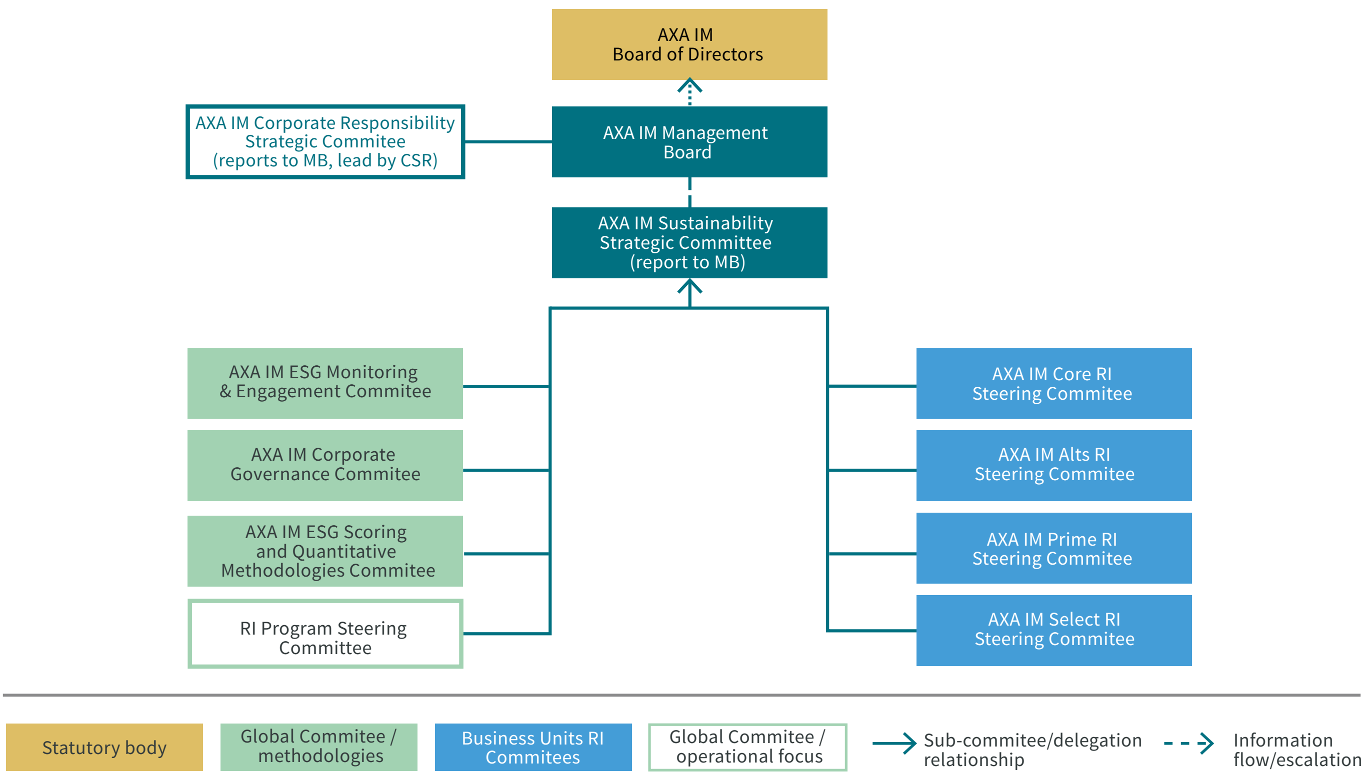
For more details on our RI governance and capabilities, refer to our RI policy.

Responsible Investment governance

As part of AXA IM's continued efforts to further embed ESG within the business and ensure consistency in our approach across investments, operations and human resources, the Sustainability Strategic Committee gathers sustainability leaders alongside management board members to define and monitor AXA IM's sustainability strategy.

RI Centre experts as well as investment teams are involved in responsible investment governance through the participation of the investment platform representatives in the dedicated committees. Representatives from the compliance, risk, and legal teams bring their perspectives to the dedicated RI committee deliberations, helping to ensure that the evolution of the AXA IM sustainability strategy is robust and sound, and onboards sustainable finance-related regulatory requirements.

Organisational structure of AXA IM RI committees



Source: AXA IM, for illustration purpose only.

To ensure consistency and co-ordination between RI experts, investment teams and support functions, the following committees meet regularly:

Committee	Role	Frequency
AXA IM Board of Directors	• Approves critical elements of AXA IM's RI strategy at the Group level and ensures compliance either directly or through Board sub-committees (Audit and Risk Committee/Remuneration and Nomination Committee). This encompasses RI strategy, sustainability regulatory reports at the entity level, and commitments spanning the entire entity	At least three times a year
AXA IM Management Board	• Validates AXA IM's RI strategy as well as changes to RI policies (exclusion, voting, engagement), AXA IM-wide commitment and sustainability regulatory reporting at entity level	Ad hoc
AXA IM Sustainability Strategic Committee	• Proposes the RI strategy and steers its implementation, including RI policies, AXA IM-wide commitments and investment components of the monitor and ESG-linked remuneration and monitor delivery • Validates material quantitative methodologies (e.g. ESG scoring, SFDR Sustainable Investment, choice of material ESG data providers, RI product frameworks with a regulatory lens • Validates shareholder engagement priorities (themes, engagement list including climate laggards) • Validates positions on material sustainable finance consultations • Advises on business units' RI strategies • Assesses the alignment of AXA IM's and AXA Group's sustainability approaches for coherence and synergy • Reports to the Management Board	Monthly
AXA IM Corporate Responsibility Strategic Committee	• Defines AXA IM's Corporate Responsibility strategy, taking into AXA Group strategy, with concrete roadmap • Animates a community through communication and business actions • It reports to the AXA IM Management Board	At least quarterly
AXA IM Corporate Governance Committee	• Provides strategic oversight of AXA IM's corporate governance and voting policy in relation to investee companies and ensuring clients' rights and obligations are exercised in a manner consistent with good practice standards • Validates voting decisions on specific resolutions aligned with the policy for accounts following AXA IM's guidelines	Three times a year
AXA IM ESG Monitoring and Engagement Committee	• Ensures views developed on ESG risks and opportunities, from exclusion to engagement topics are discussed collegially, and considers possible implications for AXA IM, including on controversies • Validates RI ban-lists updates, as well as ESG and SI scores qualitative adjustments. May discuss climate colours of Corporates or Sovereigns. • Reviews progress on engagement activities, facilitating coordination between various stakeholders in the implementation of the engagement strategy	Monthly
AXA IM ESG Scoring and Quantitative methodologies Committee	• Validates less material ESG quantitative methodologies, defines business specifications for ESG metrics, and validates regular updates for ESG scores and SFDR SI datasets • Reviews the quality of service provided by ESG data providers	Bi-monthly
RI Programme Steering Committee	• Monitors progress of RI-related projects with an operational focus	Every six weeks
Global Risk Committee	• Is consulted on RI product frameworks and exclusion policies from an operational perspective. Additionally, it stays informed about entity-level regulatory reporting	Ad hoc

Source: AXA IM, for illustration purpose only.

Inclusion and Diversity at AXA IM

Inclusion and diversity have been on our strategic agenda for many years. We place sustainability at the centre of our priorities, to enhance AXA IM's role in society as an investor, an employer, and as a business. As an employer, building an inclusive culture lies at the heart of our business priorities. Creating an environment where everyone feels they belong, are included, and can thrive within a diverse community is part of our Employer Promise. Our global Diversity and Inclusion Policy summarises our commitment and areas of focus. We have taken meaningful steps on this journey to create a more diverse and inclusive workplace in 2024 – including, but not limited to:

- Roll-out of the We Care program to further strengthen our family-friendly policies globally. The program included doubling our global minimum paternity leave from four to eight weeks, providing support for employees undergoing fertility treatments, and enhanced support for employees experiencing miscarriage/baby loss, menopause/andropause, domestic abuse and sexual violence
- Enhancing our caregiver support to include specific global support for employees who are carers of older relatives or family members with disabilities or other health conditions
- Supporting flexible ways of working to help remove barriers and be more adaptable and responsive to our employees' circumstances
- Utilising our annual global inclusion survey to track our employees' perception on inclusion, belonging, and equal opportunities among other KPIs. The survey enables us to analyse data across different diversity dimensions, such as gender, age, ethnicity, disability/health condition, socio-economic background, and sexual orientation. The results directly feed into our strategic inclusion and diversity priorities for the coming year
- Offering development journeys focused on inclusive leadership skills and behaviours through our Managers Academy and Leadership programs, which supports our leaders to increase their impact, enable diverse teams, and create a community where everyone can thrive
- Apply our diversity voting policy to challenge other companies on their actions

In 2024, we have also received the following external recognitions for our progress on Diversity and Inclusion:

- In 2018, AXA IM became one of the few investors to be certified by EDGE Empower. In 2024, we were not only

Our Employee Resource Groups (ERGs)[52]

GENDER
GEN
(Gender Equality Network)

GEN seeks to engage everyone to accelerate gender equality at AXA IM and encourage a culture of inclusion for all colleagues and to support AXA IM's talent and business priorities.

GENERATIONS
Generaction

Generaction aims to foster and increase intergenerational collaboration within AXA IM, through awareness of the topic and knowledge exchanges as part of the I&D policy.

SOCIO-ECONOMIC
AXcess

AXcess aims to ensure talented individuals from all backgrounds are identified and nurtured in order to meet their true potential. To do so, we will increase awareness and prompt conversations about social mobility and strive to ultimately make AXA IM truly diverse from a socioeconomic background standpoint.

MULTICULTURAL
Mosaic

Mosaic seeks to highlight the collegial value of individual differences. Through events, educative initiatives & networking, we seek to include underrepresented ethnicities within a multicultural environment in order to promote a culture of inclusion at AXA IM.

LGBT
I aM Proud

I aM Proud supports and engages LGBT+ employees and allies to foster an inclusive environment where employees of all sexual orientations, gender identities, and gender expressions feel comfortable to bring their whole selves to work.

Source: AXA IM, end of 2024.

[52] Information regarding the background and personnel of AXA IM are provided for information purposes only. Such persons may not necessarily continue to be employed by AXA IM, and may not perform, or continue to perform services for AXA IM.

recertified by EDGE for gender equity at the 'Move' level, the second level out of three in the ranking, but AXA IM also gained an additional EDGEplus certification for intersectional equity. The EDGE certification process assesses in thorough detail our various policies, practices, people data and employee perceptions across multiple countries, and then benchmarks these findings against global standards and our peers.

- For the 2023/2024 period, AXA IM progressed from a bronze to a silver rating in LGBT Great's LGBTQ+ Inclusion Index Benchmarking Tool, confirming our progress on LGBTQ+ inclusion.

- AXA IM was awarded in Citywire's Gender Diversity Awards 2024 for the 'Most Improved Gender Representation (50-99 fund managers)'. Citywire uses its Alpha Female Report to analyse the percentage of listed female fund managers, turnover rates, and tenure of men and women over the past decade. The judging panel's decision acknowledges the strides that we have made in fostering gender diversity within our organisation.

To reflect our strong commitment to creating an inclusive and diverse workplace, all our global management board members have concrete targets to improve representation and inclusion at AXA IM.

Discrimination, non-inclusive behaviour, and harassment have no place at AXA IM. We have a global standard on harassment that applies to all our employees, consultants, suppliers and clients. Mandatory training is provided to all our employees in how to identify and report any behaviour that is in breach of our global standard.

We understand the need for the financial industry to accelerate progress on inclusion and diversity to meet the evolving expectations of employees, clients, regulators, and the communities in which we operate. We play an active role in cross-industry initiatives to jointly address some of the intrinsic challenges in making the corporate world in general, and the financial industry specifically, a truly diverse and inclusive environment. Below are some examples of external initiatives we have supported or continued to support in 2024:

- After having participated in 10,000 Able Interns Program in the UK for three consecutive summers between 2022 and 2024, AXA IM communicated our ambition in 2024 to also support and participate in the 10,000 Black Interns Program, and welcome interns at AXA IM through this program in addition.

- In 2024, AXA IM became a sponsor of the Catalyst Education Program, a program aimed at providing students from low socio-economic backgrounds in the U.K. with the aspiration, belief, and tools to develop a career in the investment and savings industry.

- Continued partnership and engagement with Culture Prioritaire in France and Investment 20/20 in the U.K., to access and recruit from a diverse pool of graduates, school and college leavers that are more reflective of the people and communities we serve.

- Continued partnership and engagement with cross-company initiatives in the financial services, including Diversity Project UK, Diversity Project Europe, Diversity Project North America, FondsFrauen in Germany, 100 Women in Finance, The Women's Foundation in Hong Kong, Women in ETFs, LGBT Great, and myGWork.

As a signatory of the Women in Finance Charter, in 2021 we set ourselves the target of reaching one-third of women in our global senior leadership population by end of 2025. As of June 2023, women made up 34% of our global senior leadership population, reaching our target ahead of schedule. We wanted to maintain this momentum and thus set a new target of reaching 35% of women in our senior leadership population by the end of 2025. During the 2024 reporting period, the target was yet again reached ahead of schedule, as women made up 36% of our global senior leadership population. This further confirms our progress and ability to maintain this target by end of 2025.

AXA IM is also a proud signatory and supporter of a number of external charters and commitments, including the abovementioned Women in Finance Charter, Women's Empowerment Principles, United Nations LGBTI Standards of Conduct for Business, the 30% Club, Club Landoy charter, UN Women's Generation Equality Action Coalition on Gender Based Violence, and France's l'Autre Cercle Charter.

Training

Our educational offering related to ESG and RI includes engagement and learning opportunities to help our employees to:

Understand and be part of AXA's transformation towards sustainability

Our flagship AXA Group-wide AXA Climate Academy programme was launched in October 2021 during AXA Learning Week with the aim of supporting our collective effort to mitigate the effects of climate change. AXA committed to train 100% of its staff by 2023 as part of AXA's Driving Progress 2023 plan. Over several hours, our employees learn why climate matters increasingly to our clients, about the main risks associated with climate change, the impact all along the value chain for insurance and investment companies, and how they can contribute to reducing the carbon footprint of our company through professional and personal practices. Some 99% of AXA IM employees had been certified with the AXA Climate Academy programme by end of 2023.[53] To go one step further, since 2023 AXA IM continues to build on the AXA Climate Academy programme with the 'ACT playlist' from AXA Climate School, with role-specific content available for functions including HR, technology, finance and legal to help employees understand how sustainability impacts their jobs.

Build technical expertise in ESG and RI

Our dedicated learning journey includes introductory ESG and RI online courses and intermediate and advanced live sessions delivered in partnership with external training providers. It also includes lessons from peers and offers opportunities to get certified with industry-leading qualifications in ESG and climate investing.

ESG and climate learning 2019-2024

The training of teams across the business on RI and climate has been a focus for the past four years, for example:

- The **AXA IM ESG Academy** was launched in 2020 to increase access to ESG upskilling for all employees.

- **A foundational real estate ESG training** was launched in 2022. Tailored exclusively to AXA IM by training provider Hillbreak and the internal RI and Talent Development teams, this three-hour course aims to develop participants' knowledge and understanding of this increasingly dynamic, rapidly evolving and critical agenda for real estate investment markets. In all, 365 employees completed a foundational real estate ESG course between 2022 and 2024.[54] This course is currently undergoing updates and will be made available in e-learning format, with a target release date in 2025.

- The **ESG development goal** was introduced in 2023 to all employees with the ambition to power our ESG strategy through learning. Employees have the opportunity to engage with a variety of learning initiatives related to ESG including climate and biodiversity, depending on their learning needs and interests.

We also share any RI updates internally through various channels. We have a dedicated RI and Corporate Responsibility SharePoint accessible to all AXA IM employees, which details our ESG strategy, actions implemented, and includes all materials we produce (e.g., standards, policies, and presentations). We communicate regularly within various groups to hundreds of AXA IM employees worldwide on our RI framework.

[53] All active employees as of end of November 2023, with course completions by end of 2023 (excluding JVs, temp, intern/apprentice, consultants, contractors).
[54] All active employees, data as of Dec 2024 excluding JVs, temp, intern/apprentice, consultants, contractors.

Performance management and remuneration at AXA IM

The AXA IM Remuneration Policy sets out principles relating to remuneration, which account for AXA IM's business strategy, objectives, risk tolerance, and the long-term interests of AXA IM clients, shareholders and employees. It also seeks to ensure sound and effective risk management and behaviour consistent with the risk profile, strategy, objectives and values of the managed portfolios.

Since 2018, all investment platform heads have had ESG objectives included in the target letters they cascade to the relevant teams in their department. Since January 2021, individual and collective objectives for investment teams have also included elements related to the sustainability risk framework as well as updated investment processes which include the monitoring of these risks. Thus, the individual level of the variable portion will depend on the achievement of individual qualitative and quantitative objectives, as well as collective performance criteria. Please refer to our Remuneration Policy for more details.

AXA IM's risk management department validates and assesses risk-adjustment techniques. These are used in assessing performance, determining AXA IM's target variable pay and ex-post risk adjustment – under the consideration of all relevant types of current and future risks, including financial and non-financial risks (e.g., reputation, conduct, and client outcomes).

Variable remuneration must account for appropriate qualitative criteria, such as sound and effective risk management (including regulatory compliance) and client service which delivers fair, high-quality outcomes. As AXA IM variable pay is potentially composed of cash and deferred variable pay, since 2023, the deferred part of the variable pay is indexed to an ESG performance index, aligned with AXA IM's net zero targets and AXA IM For Progress Monitor. ESG criteria are also integrated in the AXA Performance Shares valuation, for example with assessment of the carbon footprint of AXA IM's General Account assets or of the proportion of women within the Group's executive population. The importance of equity and gender equality is also emphasised in the Remuneration Policy. AXA IM aims to reward equal performance, free from discrimination or in terms of irrelevant personal factors such as age, nationality, ethnic origin, gender, sexual orientation, gender identity or expression, religion, marital status, or disability.

The 2023 update of the Remuneration Policy included (i) a reminder of the absence of sale objectives that could directly or indirectly impact the fixed or variable compensation of the concerned employees, (ii) reinforcement of the governance regarding equity and gender equality etc., and (iii) adjustments required by local regulation.

Third-party service providers and due diligence

We use ESG specialists such as MSCI, Sustainalytics, and ISS for ESG research, quantitative data, and scoring.

A thorough due diligence process is in place for the selection of these providers, involving quantitative experts as well as investment and risk teams, and we regularly meet with the providers to review, propose, or challenge methodological evolutions. We are particularly attentive to the limitations of methodologies reported by issuers, linked to the unavailability of comparable, comprehensive data. Regular due diligences are in place to review and challenge data quality, with outcomes presented to our RI quantitative governance committee, the ESG Scoring & Quantitative methodologies committee.

Challenges with regards to data availability are in part addressed through AXA IM's internal scoring methodology, Q^2, described in detail in other sections of this report. We aim to be transparent on these limitations and to advocate externally to help to progressively address them, including through our membership of the EU Platform on Sustainable Finance and the ISSB Investor Advisory Group.

With regards to proxy voting, AXA IM makes use of the services of ISS for processing votes. We also use the voting information services of ISS and Glass Lewis Proxinvest. While we do not outsource our voting decisions, which are made by the AXA IM Corporate Governance team based on AXA IM's Corporate Governance & Voting Policy, we use the research to augment our knowledge of companies and resolutions (see 'Voting process' section of this report for further details).

In that respect, the Operations Third Party Management team has implemented a systematic 12-month cycle of due diligence. This process, in three phases – sending a questionnaire, assessing responses, and on-site visit – aims to ensure the voting chain and processing of voting instructions works correctly. The due diligence questionnaire covers issues such as human resources, operational resilience, information security, operational organisation, risk and control frameworks, compliance, and outsourcing arrangements.

Should we be unsatisfied with the outcome of the due diligence, we will define follow-up items or a remediation plan to be followed until fully resolved by the provider. In the case that no resolution can be found in a reasonable timeframe, we would ultimately terminate our contract with the provider. To date, this situation has not occurred. Topics raised during the on-site visit held in 2024 included discussions on the reasons behind certain vote rejections and remedial measures to be implemented, the review of the 2024 AGM season, and the potential evolution in the principles and scope of AXA IM voting policy for 2025.

When we are confronted with material errors in the research we receive, the AXA IM Corporate Governance team reaches out to proxy advisers to seek corrections. In 2024, isolated issues were spotted, including some linked to computation of board gender diversity level, the presence of an independent lead director in a situation of combination of chair and chief executive roles, and overboarding. They were systematically raised to our providers who quickly followed up and addressed them by issuing an alert report. In total, we found the error rate of our providers to be very limited, and any recurring and material error would be raised during the due diligence process.

Moreover, to ensure continuous improvement in the quality and level of information included in proxy advisers' research, AXA IM corporate governance analysts participated in roundtables and policy surveys organised by proxy advisors during 2024 to share our feedback on their voting policies. As a member of the Proxinvest Steering Committee, AXA IM also provided direct feedback and advice on Proxinvest's voting policy in 2024.

For a **full table of AXA IM third-party providers,** see below:

ESG Data Provider	Description
MSCI	ESG and Climate research
Sustainalytics	Controversies analysis / Exposition to some activities and compliance with International Norms
FinDox	ESG KPIs used for leveraged loans and private debt asset classes
S&P Global Trucost	Full range of quantitative environmental KPIs, SFDR PAIs and taxonomy alignment metrics
Carbon 4	Measures the carbon impact of investments
ISS - ESG	Ethical filters and controversial weapons, research on impact investing and UN SDG alignment
Beyond Ratings	Climate research for Sovereign
Bloomberg ESG	ESG KPIs. Used for investment and reporting purposes.
Ethifinance	ESG ratings used for Leverage Loans and private debt asset classes
Iceberg Data Lab	Measuring the impact of companies on biodiversity and nature to help investors integrate it into risk assessment and research.
Urgewald (NGO)	Coal and Oil & Gas research with Global Coal Exit List and Global Oil and Gas List
Vigeo-EIRIS	Methodology based on analysing stakeholders from the leadership, implementation, and results perspectives
CDP	Biodiversity data for exclusion policies and to support qualitative analyses
GRESB	Climate data for real assets
ClimateSeed	Carbon footprint for private equity

Source: AXA IM, end of 2024.

Supporting Client Needs

Facing a rapidly evolving regulatory environment and dynamic market context, we believe it is even more crucial to listen to our clients' responsible investment needs and communicate clearly on the ESG performance of our funds.

Source: AXA IM, for illustration purpose only.

In 2024 we continued to evolve our sustainable fund offering, including the expansion of our exchange-traded funds (ETFs) range to four Paris Aligned Benchmark ETF funds and the launch of a Carbon Transition Global Short Duration Bond Fund, an actively managed global fund aiming to enhance cash returns whilst committing to an explicit decarbonisation objective. New launches aside, we adapted our RI fund offering to new regulatory and sustainable labels developments, including by implementing the new ISR and Towards Sustainability guidelines on our labelled funds, preparing the first batch of funds to the ESMA fund naming guidelines, and considering the application of the Sustainable Disclosure Regime for several UK-domiciled funds.

To cover our clients' needs for a more comprehensive and enriched ESG reporting, we have implemented several improvements to our fund-level RI reports. AXA IM's ESG Report includes a wide range of ESG KPIs, including climate and biodiversity-related metrics in line with recommendations from the TCFD and French Article 29 of the Law Energy Climate requirements. A specific impact report, a version of our ESG report enriched with quantitative indicators and qualitative impact information is produced for our listed impact offering. The reports aim to provide transparency on a range of metrics, a selection of which may be specifically embedded in the investment process as described in the regulatory documentation when applicable.

Engagement and voting reports have been deployed across our range of funds integrating ESG factors and with a sustainable or impact strategy for several years now, taking into account the regulatory guidance for publishing these documents on our public fund centre and offering evolutions in the content to our clients throughout the year. To provide our clients with greater transparency on our stewardship activities, the 2024 enhancement of our fund level engagement report includes a new page dedicated to qualitative engagement case studies on portfolio holdings, which details the engagement objectives and themes addressed with the issuer and provides an overview on the current stage. On the voting side, AXA IM has started to progressively deploy an enhanced version of its fund level voting report which include additional metrics on the level of voting activity within the specific region, in line with the new Label ISR guidelines.

Aside from providing fund-level information, we are motivated to educate our clients on broader RI topics and continue to share our insights. This starts in the first place with the publication of our RI research papers and other ESG-related information on our website and Linkedin, but also includes more dedicated efforts such as a series of training workshops for consultants and pension fund clients and prospects on nature and biodiversity. Lastly, we conducted an AXA IM Select ESG Client Survey in October 2023, based on the views of 12,000 consumers in 12 markets across the UK, Europe, and Asia.

Case Study

Global investor survey

In 2023, AXA IM conducted a second wave of its global investor survey in relation to ESG investing, following the study conducted in 2021.

The objectives were to take into consideration the views and demands of our end-investors in relation to ESG investing and to develop our understanding of the differences that exist within and between markets and regions, demographic and social groups.

AXA IM has surveyed more than 12,000 individuals across 12 markets in Europe and Asia, in 2023.

A central theme that has emerged from this study is the need to provide better and clearer communications regarding the aims and objectives of products under the ESG umbrella and for intermediaries to exercise an increasingly proactive approach when it comes to RI.

One of the key results is that fewer retail investors across both Europe and Asia are expected to increase their portfolio weighting of ESG investments.

This slowdown is partially driven by increased investor scepticism regarding the comparative performance of ESG funds against traditional non-ESG funds. Alongside this, the spectre of greenwashing is a concern. Investing in ESG can be encouraged through enhanced transparency, tax breaks and lower fees, however strengthening trust and confidence in ESG assets will require more than just monetary incentives.

It will be hard to strengthen this confidence unless investors gain a more sophisticated understanding of the range of products and solutions available within the ESG space, their respective aims and objectives and appreciation of what is under the bonnet.

The gaps here that our report highlights should act as a wakeup call for the industry.

Amidst a constantly shifting market landscape, our research aims to help financial services become more attuned to evolving investor priorities and expectations.

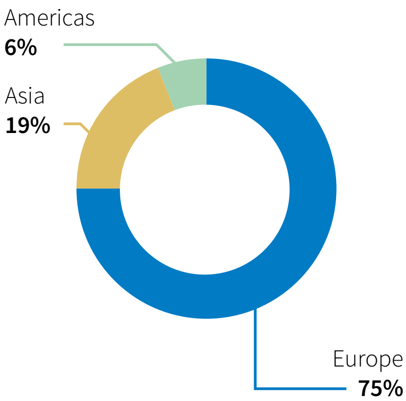
More information on the findings of this study can be found here:

- Unpacking the E, the S and the G | AXA IM Select
- Investment priorities: the role of ESG | AXA IM Select
- Investor knowledge gap | AXA IM Select
- Breaking Down Barriers to ESG Investing | AXA IM Select
- What investors want from ESG funds | AXA IM Select
- ESG factors: investors' ranking

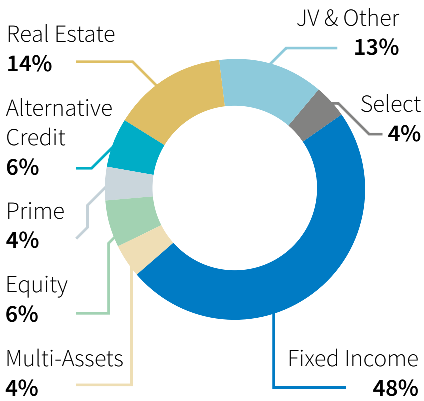
AXA IM at a glance: A breakdown of the assets under management across asset classes and geography

AuM: €878,9 billion

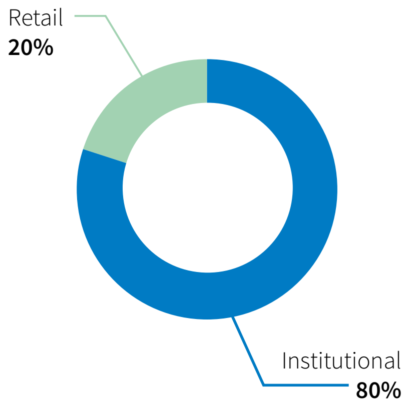
Geographical split



Platform split



Client segment split



Source: AXA IM, end of 2024.

About us

The following content is available on our website:

- Annual Active Ownership and Stewardship Report
- Annual Sustainability Report
- Annual TCFD and Article 29 of the French Energy Climate Law Report
- 2023 PRI Report
- RI Policies (incl. exclusion, engagement, corporate governance & voting)
- RI methodologies (incl. ESG scoring, SFDR Sustainable Investment approaches, etc.)
- SFDR entity level reports (incl. PAI Statements).

We are committed to providing transparency and regular reporting on active ownership, both internally and externally.

AXA IM's RI activities are published and available publicly. Our full voting records are accessible publicly and detail how we voted at companies general meetings on our clients' behalf. In addition, we publish an this Stewardship report annually which includes information on RI issues, engagement with companies, and aggregated voting records for the relevant year.

About our funds

As described in more detail in the Client and Beneficiary Needs section, the following fund-level content is made available to clients via our Fund Centre:

- ESG and Engagement reports (for funds integrating ESG, subject to local law);
- Voting reports (for equity and multi asset funds only, for funds integrating ESG, subject to local law);
- Annual impact reports for our range of listed impact funds;
- Annual reports and semi-annual reports, including funds' inventories;
- Monthly comments from the portfolio manager;
- Legal documentation (prospectus, key information documents, annual reports and semi-annual reports, including funds' inventories).

We also provide bespoke and customised reports aligned with specific client requests – the decision whether to make the report public or private is made by the clients.

Accountability

AXA IM's Management Board is accountable for the RI strategy across the organisation. Moreover, the Sustainability Strategic Committee – a sub-committee formed in 2022 which gathers a representative from the Management Board, the head of AXA IM Research and head of Responsible Investment Centre (as chair of the committee), heads of Sustainability from AXA IM's four business units, as well as senior leaders from responsible investment, risk and compliance functions – is the leading body in charge of steering AXA IM's sustainability strategy and roadmap across all asset classes. It focuses, among other things, on the integration of relevant RI considerations into our investment and stewardship processes across all asset classes and regularly reviews the strategy and stewardship undertaken across the business.

As detailed under the RI organisation section, the AXA IM Management Board has established four ESG committees to ensure effective implementation of our RI and stewardship strategy. The Sustainability Strategic Committee, the Corporate Governance Committee, the ESG Scoring and Quantitative Methodologies Committee and the ESG Monitoring and Engagement Committee all play a key role in reviewing and approving the annual Stewardship Reports, the Corporate Governance and Voting Policies, the Engagement Policy, and any other relevant policies and processes related to responsible investment and stewardship. These committees aim to represent all interested parties within AXA IM, to ensure appropriate and relevant expertise depending on each committee's responsibilities. Internal legal, risk and compliance teams are also represented on each of these committees, either as full members or permanent guests. These committees all report to the Sustainability Strategic Committee.

Responsible investment and stewardship policies are regularly reviewed to ensure their relevance, for example in light of possible evolution in market trends or external stakeholders' recommendations, and validated by the Management Board. The Stewardship Report is reviewed and signed-off by the Sustainability Strategic Committee, following a review by risk, legal and compliance functions.

Internal controls ensure alignment with the AXA IM Responsible Investment Policy, the AXA IM Corporate Governance and Voting Policy, the AXA IM Conflicts of Interest Policy and other relevant policies, which are also subject to periodic internal audit. As ESG and RI continue to gain importance strategically, in terms of clients' interest and regulatory attention, the number of ESG-targeted audits led by our internal audit team has naturally increased. In addition, reflecting the integration of ESG within our organisation and processes, ESG is becoming an area of consideration even in audit reviews with a larger scope, for instance when looking at an investment platform.

In addition to this, AXA IM manages a range of funds for which the level of ESG integration is significantly deeper, with specific ESG objectives set at fund launch, which are disclosed in the regulatory documentation and regularly monitored. An annual audit is performed by external auditors on these funds to ensure adherence with those objectives, and to ensure engagement and stewardship responsibilities are fully met.

As of December 2024, AXA IM manages 47 open-ended funds awared with at least one sustainable label (including the ISR label, Towards Sustainability, Greenfin, RIAA, and CIES). These are subject to regular audits conducted by external auditors. In addition, the French supervisory authority AMF performs annual reviews looking at certain dimensions of our RI strategy. This includes annual controls on the definition, communication and implementation of our climate-related commitments including exclusion and engagement activities.

This report has been reviewed internally by the Sustainability Strategic Committee as well as by our legal and our compliance department.

Full list of engagements in 2024

We view engagement as a fundamental part of our role as active investors. As such, our engagements focus on those ESG issues which we consider to be the most strategically and financially material for the long term. Our goal is to work closely with executives to ensure threats are addressed before they damage investor value. The list below details the issuers we engaged with in 2024. We are fully transparent about our voting activities. The full 2024 voting record can be found here.

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
3M Co		✓					
A2A SpA	✓					✓	
Acciona SA	✓					✓	
Accor SA					✓		
Acrisure LLC	✓					✓	
AdaptHealth Corp	✓						
Adecoagro SA		✓					
AECOM	✓	✓				✓	
Aegon Ltd						✓	
AES Andes SA	✓						
Agence Francaise de Developpement EPIC	✓						
Agilent Technologies Inc		✓				✓	
Air France-KLM	✓				✓		
Air Liquide SA	✓						
Airbus SE	✓			✓	✓		✓
Aisin Corp						✓	✓
Akzo Nobel NV		✓					
Albemarle Corp	✓	✓					
Allied Universal Holdco LLC	✓				✓		
Alumasc Group PLC/The					✓	✓	
Amaggi Exportacao e Importacao Ltda		✓					
Amcor PLC	✓	✓				✓	
American Tower Corp	✓	✓				✓	
American Water Works Co Inc	✓	✓					
Amkor Technology Inc				✓	✓		
Amundi SA	✓					✓	
Amvest RCF Custodian BV	✓						
Anglian Water Group Ltd		✓					
Anheuser-Busch InBev SA/NV	✓	✓				✓	
ANSYS Inc	✓	✓				✓	
Antares Vision SpA						✓	
APA Group	✓					✓	
Apple Inc					✓	✓	✓

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Applied Materials Inc						✓	
Arcadis NV	✓	✓				✓	
Arena REIT	✓						
ARGAN SA	✓						
Arkema SA		✓					
Asahi Group Holdings Ltd				✓		✓	
Ashtead Group PLC	✓					✓	
Asian Infrastructure Investment Bank/The	✓						
ASM International NV						✓	
ASML Holding NV	✓	✓		✓		✓	
Astellas Pharma Inc				✓		✓	
Aster Treasury Plc	✓						
AstraZeneca PLC	✓	✓	✓	✓		✓	
AT&T Inc	✓			✓	✓		
Athene Holding Ltd						✓	
ATS Corp	✓					✓	
Australia Government Bond	✓						
Autonomous Community of Madrid Spain	✓		✓	✓			
AZEK Co Inc/The	✓	✓				✓	
Azelis Group NV		✓					
Baldwin Insurance Group Inc/The	✓						
Banca Transilvania SA	✓						
Banco Bilbao Vizcaya Argentaria SA	✓			✓		✓	✓
Banco BPM SpA	✓					✓	
Banco de Sabadell SA	✓						
Banco Santander SA	✓						
Bank of America Corp	✓						
Bank Rakyat Indonesia Persero Tbk PT	✓	✓			✓		
BASF SE		✓	✓		✓		
Bayerische Landesbodenkreditanstalt	✓						
Bayerische Motoren Werke AG	✓	✓			✓		
BHP Group Ltd		✓			✓		
BioMerieux			✓				
Blackstone Mortgage Trust Inc						✓	
BNP Paribas SA	✓					✓	
Bouygues SA						✓	
BP PLC	✓	✓		✓		✓	

Full list of engagements in 2024

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
BPCE SA	✓						
Bpifrance SACA	✓			✓			
Bread Financial Holdings Inc	✓				✓		
BRF SA	✓	✓					
Brookfield Renewable Holdings Corp	✓	✓				✓	
Bunge Global SA		✓					
Bytes Technology Group PLC				✓		✓	✓
Cadence Design Systems Inc	✓						
Canada	✓						
Canadian National Railway Co		✓		✓	✓		
Capgemini SE						✓	
Carbios SACA						✓	
Carlsberg AS	✓	✓					
Carmila SA	✓						
Carrefour SA		✓					
CBRE Group Inc	✓						
Cembra Money Bank AG						✓	
Cencosud SA	✓	✓				✓	✓
Central Japan Railway Co	✓			✓	✓	✓	
CEZ AS	✓						
Chemours Co/The		✓					
Cheniere Energy Inc	✓			✓		✓	✓
Chevron Corp	✓					✓	
Chugoku Electric Power Co Inc/The	✓			✓		✓	
Cie de Saint-Gobain SA	✓	✓					
Cie Generale des Etablissements Michelin SCA		✓				✓	
Clean Harbors Inc	✓						✓
Clydesdale Acquisition Holdings Inc	✓					✓	
Colbun SA	✓	✓					
Colgate Palmolive	✓	✓			✓	✓	
Colombia Government International Bond	✓			✓			
Conagra Brands Inc				✓	✓		
Constellation Energy Corp	✓						
Costco Wholesale Corp						✓	
Council Of Europe Development Bank	✓						
Covivio SA/France						✓	

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Cranswick PLC		✓		✓	✓	✓	
Credit Agricole SA	✓						
Crescent Energy Co	✓					✓	
CRH PLC	✓						
Croda International PLC		✓				✓	
CSX Corp	✓						
Currys PLC				✓	✓		
Daiwa Securities Group Inc	✓			✓		✓	
Danaher Corp	✓	✓				✓	
Danone SA	✓	✓					
Deere & Co	✓	✓		✓			✓
Derichebourg SA						✓	
Deutsche Bank AG	✓						
Dexcom Inc	✓		✓			✓	
DiaSorin SpA				✓	✓		
DiscoverIE Group PLC	✓	✓		✓	✓	✓	
Dominion Energy Inc	✓					✓	
Dow Inc	✓	✓	✓				
DSM-Firmenich AG	✓	✓				✓	
DWR Cymru Financing UK PLC		✓					
E.ON SE	✓						
East Japan Railway Co	✓				✓		
easyJet PLC	✓					✓	
Eaton Corp PLC	✓						
Ecolab Inc		✓	✓				
Edenred SE						✓	
EDP SA	✓	✓					
Egypt Government International Bond	✓			✓			
Ekinops SAS						✓	
El Puerto de Liverpool SAB de CV				✓	✓		
Electricite de France SA	✓	✓		✓			
Eli Lilly & Co			✓				
Ellevio AB	✓						
Ellucian Holdings Inc	✓						
Emmi AG	✓	✓					
Enagas SA	✓					✓	

Full list of engagements in 2024

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
EnBW Energie Baden-Wuerttemberg AG	✓						
Encino Acquisition Partners LLC	✓					✓	
EnerSys	✓					✓	
Engie SA	✓					✓	
Eni SpA	✓	✓					
Equinix Inc	✓	✓				✓	
Equinor ASA	✓						
Essity Aktiebolag	✓						
Eurazeo SE				✓	✓	✓	
Euroapi SA						✓	
European Investment Bank	✓					✓	
European Union	✓						
Eversholt Rail Leasing Ltd	✓						
Evonik Industries AG		✓					
Experian PLC	✓				✓	✓	
Extra Space Storage Inc	✓						
Falabella SA	✓	✓				✓	
Federal Republic of Germany	✓						
FedEx Corp	✓			✓		✓	✓
Forvia SE						✓	
Freedom Mortgage Parent LLC							✓
French Republic Government Bond OAT	✓						
FS Luxembourg Sarl		✓					
Future PLC						✓	
GEA Group AG	✓	✓				✓	
Gecina SA		✓					
General Mills Inc		✓					
Generali	✓						
Genus PLC	✓	✓	✓			✓	
Gilead Sciences Inc			✓				
Givaudan SA						✓	
Grafton Group PLC						✓	
Grainger PLC	✓	✓		✓	✓	✓	
Great Portland Estates PLC	✓	✓		✓		✓	
Greggs PLC					✓	✓	
Greystar Real Estate Partners LLC	✓			✓		✓	

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Griffin Global Asset Management Holdings Ltd	✓						
Grupo Bimbo SAB de CV		✓					
GSK PLC			✓	✓	✓		
GVS SpA						✓	
H.U. Group Holdings Inc	✓						
Halma PLC					✓		
Hana Financial Group Inc						✓	✓
Hanesbrands Inc	✓						
Heathrow Funding Ltd	✓						
Heidelberg Materials AG	✓	✓					
Heineken NV						✓	
Hexagon AB	✓	✓				✓	
Hokkaido Electric Power Co Inc	✓						
Holcim AG	✓				✓		✓
Holmen AB		✓				✓	
Honda Motor Co Ltd	✓						
Hong Kong Mortgage Corp Ltd/The	✓						
Host Hotels & Resorts Inc	✓						
Hoya Corp	✓		✓		✓	✓	
Husky Injection Molding Systems Ltd / Titan Co-Borrower LLC	✓	✓					
Iberdrola SA	✓	✓		✓	✓	✓	
ICADE	✓						
IDEX Corp	✓	✓				✓	
Ile-de-France Mobilites	✓						
Imerys SA	✓					✓	
Indonesia Government International Bond	✓						
Indra Sistemas SA						✓	
Industrias Penoles SAB de CV	✓					✓	
Infineon Technologies AG	✓						
ING Groep NV	✓	✓					
Interpump Group SpA						✓	
Intesa Sanpaolo SpA	✓	✓				✓	
Italy Buoni Poliennali Del Tesoro	✓						
ITOCHU Corp				✓		✓	
Itron Inc	✓	✓				✓	

Full list of engagements in 2024

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Ivory Coast Government International Bond	✓						
J Front Retailing Co Ltd				✓			
JDE Peet's NV	✓	✓					
JPMorgan Chase & Co	✓					✓	
Julius Baer Group Ltd						✓	✓
KBC Bank NV	✓						
Kering SA		✓		✓			
Keyence Corp	✓				✓	✓	
Kimberly-Clark Corp	✓						
Kinepolis Group NV						✓	
Kingfisher PLC					✓	✓	
Klepierre SA	✓					✓	
Kommunekredit	✓						
Koninklijke Ahold Delhaize NV	✓	✓					
Koninklijke KPN NV	✓						
Koninklijke Philips NV						✓	✓
Korea Housing Finance Corp	✓						
Kroger Co/The		✓				✓	
Kyushu Electric Power Co Inc	✓						
La Francaise des Jeux SACA						✓	
Landesbank Baden-Wuerttemberg	✓					✓	
LANXESS AG		✓					
LD Celulose SA		✓			✓		
Legrand SA				✓			
Likewize Corp	✓				✓		
Lloyds Banking Group PLC	✓						
L'Oreal SA		✓				✓	✓
Lumen Technologies Inc				✓			
LVMH Moet Hennessy Louis Vuitton SE	✓				✓		
M&T Bank Corp	✓					✓	
Macquarie Bank Ltd	✓						
Manitou BF SA						✓	
Marks & Spencer Group PLC					✓	✓	
Marriott International Inc/MD		✓		✓	✓		
Marshalls PLC	✓	✓		✓	✓	✓	
Martin Marietta Materials Inc	✓					✓	

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Mattel Inc					✓		
McDonald's Corp		✓					
Mediobanca SpA/Spain						✓	
Medline Borrower LP	✓						
Mercedes-Benz Group AG	✓	✓		✓			
Merlin Properties Socimi SA	✓						
Meta Platforms Inc					✓	✓	
Metso Oyj	✓			✓	✓	✓	
Microsoft Corp					✓		
MISC Bhd				✓	✓		
Mitsubishi Corp	✓					✓	
Mitsubishi UFJ Financial Group Inc						✓	✓
Mizuho Financial Group Inc	✓					✓	
Mondelez International Inc	✓	✓					
National Bank of Kuwait SAKP	✓						
National Grid PLC	✓	✓				✓	
NatWest Group PLC	✓						
Navacord Corp	✓						
NCR Atleos Corp	✓				✓		
Nederlandse Waterschapsbank NV		✓					
Neoen SA	✓	✓		✓	✓		
Nestle SA		✓	✓			✓	
New York Life Insurance Co	✓				✓		
Nexans SA	✓						
NH Foods Ltd	✓	✓		✓			
Nippon Steel Corp	✓				✓		✓
Nippon Telegraph & Telephone Corp						✓	✓
Nordea Bank Abp	✓					✓	
Nordic Investment Bank	✓						
Novo Nordisk A/S			✓		✓		✓
NVIDIA Corp	✓	✓	✓			✓	
NWD Finance BVI Ltd						✓	
NXP Semiconductors NV	✓	✓				✓	
Ocado Group PLC					✓	✓	
Oglethorpe Power Corp	✓						
O-I Glass Inc	✓					✓	

Full list of engagements in 2024

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Olympus Water US Holding Corp	✓					✓	
OMV AG	✓	✓					
OP Corporate Bank plc	✓						
Orsted AS	✓	✓					
Pennon Group PLC		✓					
Penske Automotive Group Inc	✓						
Phillips 66	✓					✓	
Planet Fitness SPV Guarantor LLC	✓					✓	
Pluxee NV						✓	
Powszechna Kasa Oszczednosci Bank Polski SA	✓						
Praemia Healthcare SACA	✓						
Procter & Gamble Co/The	✓	✓					
Prosus NV						✓	
Prysmian SpA	✓	✓		✓	✓	✓	
Publicis Groupe SA				✓		✓	
PVH Corp					✓		
Qatar Government International Bond	✓						
Raizen SA	✓						
Randstad KK						✓	
Rational AG						✓	
Reliance Industries Ltd	✓			✓		✓	
Renault SA	✓	✓					✓
Reply SpA						✓	
Repsol SA	✓	✓					
Resonac Holdings Corp				✓	✓	✓	
Rexel SA				✓			
Rightmove PLC	✓			✓		✓	
Rio Tinto PLC	✓			✓	✓		
Robertet SA						✓	
Rocket Cos Inc	✓						✓
Romande Energie Holding SA	✓					✓	
Rotork PLC	✓			✓	✓	✓	
Royal Bank of Canada	✓					✓	
Rubis SCA	✓	✓		✓			
RWE AG	✓						
RWS Holdings PLC				✓		✓	

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
Samsung C&T Corp						✓	
Sanofi SA		✓	✓				
SAP SE	✓	✓		✓		✓	
Saudi Arabian Oil Co	✓	✓					
SBAB Bank AB	✓						
Schneider Electric SE						✓	
SCOR SE						✓	
SEB SA						✓	
Seche Environnement SACA	✓	✓					
Serbia International Bond	✓						
Serica Energy PLC				✓	✓	✓	
Severn Trent PLC	✓	✓					
SGN Midco Ltd	✓						
Shell PLC	✓					✓	
Sherwin-Williams Co/The		✓	✓				
Shinhan Financial Group Co Ltd	✓						
Shiseido Co Ltd				✓		✓	
Siegfried Holding AG						✓	
Sigma Alimentos SA de CV	✓	✓					
Signify NV	✓			✓		✓	✓
Sika AG		✓					
Silgan Holdings Inc	✓					✓	
Smurfit Kappa Group PLC		✓				✓	
Snam SpA	✓						
Sociedad Quimica y Minera de Chile SA	✓	✓				✓	
Societe BIC SA		✓					
Societe Des Grands Projets EPIC	✓						
Societe Generale SA	✓	✓					
Sodexo SA						✓	
SOITEC				✓		✓	
Solvay SA	✓	✓				✓	
Sonic Automotive Inc	✓						
Sopra Steria Group						✓	
South Australian Government Financing Authority	✓				✓		
Sparebanken Vest	✓						

Full list of engagements in 2024

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
SPIE SA	✓			✓	✓	✓	
Spirax Group PLC	✓	✓				✓	
Standard Industries Inc/NY	✓						✓
Stellantis NV					✓	✓	
Sumitomo Corp	✓						
Summit Materials Inc	✓						✓
Sun Communities Inc	✓						
Svensk Exportkredit AB	✓						
Svenska Handelsbanken AB	✓						
Syensqo SA	✓					✓	
Sysco Corp	✓	✓					
TDC Net A/S	✓						
Technoprobe SpA	✓					✓	
Telefonica SA	✓						
Teleperformance SE						✓	
Teollisuuden Voima Oyj	✓						
Terna - Rete Elettrica Nazionale	✓					✓	
Tesla Inc		✓			✓	✓	
Texas Instruments Inc	✓	✓				✓	
Thermo Fisher Scientific Inc		✓				✓	
T-Mobile US Inc				✓	✓	✓	✓
TOMRA Systems ASA	✓					✓	
Toronto-Dominion Bank/The	✓					✓	
TotalEnergies SE	✓	✓		✓	✓	✓	
Toyota Motor Corp							✓
Trainline PLC						✓	
Trustpilot Group PLC						✓	
UCB SA						✓	
Ulker Biskuvi Sanayi AS	✓	✓					
Unibail-Rodamco-Westfield						✓	
Unicaja Banco SA	✓						
Unilever PLC	✓	✓					
Union Pacific Corp		✓		✓	✓		
Unisys Corp	✓			✓			
United Kingdom of Great Britain and Northern Ireland	✓						

ISSUER NAME	CLIMATE CHANGE	BIODIVERSITY & NATURAL CAPITAL	PUBLIC HEALTH	HUMAN CAPITAL	HUMAN RIGHTS	CORPORATE GOVERNANCE	BUSINESS ETHICS
United States of America	✓						
United Utilities PLC	✓	✓					
UnitedHealth Group Inc			✓		✓	✓	
Univision Communications Inc	✓					✓	
US Bancorp	✓					✓	
Valeo SE				✓			
Veeva Systems Inc			✓		✓	✓	
Veolia Environnement SA	✓	✓				✓	
Verbund AG	✓						
Vicat SACA	✓						
VICI Properties Inc	✓					✓	✓
Vienna Insurance Group AG Wiener Versicherung Gruppe	✓						
Vinci SA		✓			✓	✓	
Visa Inc							✓
Volkswagen AG					✓		
Vonovia SE	✓					✓	✓
Wales & West Utilities Finance PLC	✓						
Walmart Inc		✓				✓	
Walt Disney Co/The					✓	✓	
Wand NewCo 3 Inc	✓						
Waste Connections Inc	✓				✓	✓	
Waste Pro USA Inc	✓					✓	✓
Watco Holdings Inc	✓					✓	
Wavestone						✓	
Welltower Inc	✓						
WESCO International Inc	✓					✓	
West Japan Railway Co	✓			✓	✓		
White Cap Parent LLC	✓						✓
Windstream Holdings Inc	✓						
Wittington Investments Ltd/UK	✓	✓				✓	
Wolters Kluwer NV						✓	
Xylem Inc/NY		✓	✓			✓	
Yorkshire Water Finance PLC		✓					
Zotefoams PLC						✓	

Investor initiatives supported in 2024

Theme	Organisation	Description	Status	Year
Climate	Climate Action 100+	The Climate Action 100+ coalition engages and works with companies and industry members to communicate the need for greater disclosure around climate change risk and company strategies aligned with the Paris Agreement.	Signatory Lead investor of Renault, Ecopetrol and Saudi Aramco.	2018
	Climate Bonds Initiative	The Climate Bonds Initiative mobilizes the largest capital market of all, the $100 trillion bond market, to create climate change solutions. They promote investment in projects and assets necessary for a rapid transition to a low carbon and climate resilient economy. AXA IM is particularly involved in the 'Brown to Green' initiative.	Member	2016
	Institutional Investors Group on Climate Change (IIGCC)	The IIGCC mobilizes capital for the low carbon transition by working with business, policymakers and fellow investors. They support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change.	Member of the Corporate Programme, Paris Aligned Investment Initiative, Property group, and Real Estate Committee Co-chair of Policy advisory group Co-lead of the working group on Adaptation & Resilience	2014
	Initiative Climat International	Initiative Climat International guides private markets investors to better understand and manage the risks associated with climate change.	Member	2023
	Net Zero Asset Managers	The Net Zero Asset Managers initiative commits signatories to support the goal of net zero greenhouse gas emissions by 2050 or sooner. They also commit to support investing aligned with net zero emissions by 2050 or sooner.	Signatory	2020
	World Economic Forum (WEF) - Net Zero Carbon Cities	The WEF -Net Zero Carbon Cities is part of the WEF's Centre for Nature and Climate, Climate Action Platform, Shaping the Future of Energy, Materials and Infrastructure, and Shaping the Future of Urban Transformation Platforms, and creates an enabling environment for clean electrification and circularity, resulting in urban decarbonization and resilience. The program aims to do this by fostering public private collaboration to bridge the gap across the energy, built environment and transport sectors.	Member	2021
	Carbon Disclosure Project (CDP)	CDP works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations. Over recent years consisted in joining annual Science Based Target Initiative campaign, and their Sustainable Finance Disclosure Regulation's Principal Adverse Impact engagement programme.	Member	2006
Biodiversity	Finance for Biodiversity Foundation (FfB)	"The FfB is a community of investors having signed the FfB pledge and working collaboratively on metrics, engagement and global advocacy in the field of biodiversity. The Foundation supports a call to action and collaboration between financial institutions via working groups, as a connecting body for contributing signatories and partner organizations. FfB also aims to increase the materiality of biodiversity in financial decision-making in order to better align global finance with nature conservation and restoration."	Member Co-chair of Impact Assessment working group	2021

Theme	Organisation	Description	Status	Year
Biodiversity	Nature Action 100 (NA100)	NA100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. The initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. The initiative's Secretariat and Corporate Engagement working group is co-led by Ceres and the Institutional Investors Group on Climate Change (IIGCC), and the initiative's Technical Advisory Group is co-led by the Finance for Biodiversity Foundation and Planet Tracker. AXA IM was originally a member of the launching investor group and is currently a member of the steering group.	Member of the steering group Lead investor BHP Group Ltd and Walmart Inc	2021
	FAIRR	The FAIRR Initiative facilitates collaborative investor engagements with companies on some of the most material issues linked to intensive animal production, such as labour risk, protein diversification and supply chain resilience.	Member of the collaborative engagement initiative	2023
	Finance Sector for Deforestation Action (FSDA)	FDSDA works with its members to eliminate commodity-driven deforestation from portfolios and drives progress towards a net zero, nature-positive economy.	Member	2023
	ChemSec	Chemsec prevents hazardous chemicals from spreading throughout the environment and causing public health issues and coordinates the Investor Initiative on Hazardous Chemicals (IIHC).	Member of the collaborative engagement initiative	2022
	Investor Initiative on Hazardous Chemicals (IIHC)	Coordinated by ChemSec, the IIHC reduces the adverse impacts of hazardous chemicals and thereby its members' exposure to the financial risks to which they are linked. The members engage in ongoing dialogues with the world's largest publicly traded chemical companies.	Member Lead investor of 3M Co, BASF SE, Chemours, Dow Inc., and Sherwin-Williams	2023
Just Transition	Institut de la Finance Durable - Investors for a Just Transition	Investors for a Just Transition is a coalition of French investors that engages companies on the Just Transition thematic, identifying best practices and pushing laggards for change. The working groups will tackle 4 sectors: Energy, Transport, Real-Estate/ Buildings & Construction and Agri-Food.	Member Lead of the Energy working group Lead investor of Iberdrola SA and TotalEnergies SE	2021
Human Rights	Big tech and human rights - Investor collaboration	The Big tech and human rights Investors collaboration fosters collaborative engagement with tech companies on human rights.	Co-lead investor of Microsoft	2020
	Advance	Launched by the Principles for Responsible Investment in 2022, Advance fosters collaboration between institutional investors for action on human rights and social issues.	Participant within the initiative	2022
Human capital & Diversity	30% Club France Investor Group	30% Club France and Japan Investor Groups coordinate the investment community's approach to gender diversity, in particular to explain the investment case for more diverse boards and senior management teams. They motivate members to exercise their ownership rights, including voting and engagement, to effect change on company boards and within senior management teams. They also encourage all investors to engage on the issue of gender diversity with chairs of boards and senior management teams.	Member Lead investor of SPIE SA and REXEL	2020

Investor initiatives supported in 2024

Theme	Organisation	Description	Status	Year
Human capital & Diversity	30% Club Japan Investor Group		Member of the Investor Group Member of the Disclosure Sub-group, and thereby lead investor of 12 companies including Itochu, Resonac, J Front and Shiseido.	2022
	Platform Living Wage Financials (PLWF)	The PLWF encourages, supports, assesses, and monitors investee companies with regards to their commitment to enabling living wages and living incomes within their global supply chains.	Member	2024
	Good Work Coalition	ShareAction's Good Work Coalition helps investors to collaborate collectively, engaging with companies to promote good work standards including the living wage, tackling insecure work and action on diversity and inclusion.	Participant within the initiative, including on engagements with Next, Greggs, Ocado, Marks & Spencer, and Currys.	2023
Health	Access to Medicine Foundation	The Access to Medicine Foundation is an indepent non-profit organisation that transforms the healthcare ecosystem by motivating and mobilizing companies to expand access to their essential healthcare products to low- and middle-income countries. Next to member, AXA IM is also a donor since 2020.	Donor and member	2018
	Tech, Mental and Wellbeing initiative	The Tech, Mental and Wellbeing initiative helps tech companies define policies and implement measures to mitigate the potential negative impact of technology on their end consumers' mental health and well-being.	Founding member	2023
Corporate governance & Stewardship	International Corporate Governance Network (ICGN)	The ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment. AXA IM is a member of the Global Corporate Governance Committee.	Member Member of the Global Corporate Governance Committee	2022
	Eumedion	Eumedion represents the interests of institutional investors in the field of corporate governance and sustainability. They promote good corporate governance and sustainability policies at Dutch listed companies, as well as engaged and responsible shareholdership by its members.	Member	2014
	Proxinvest	Proxinvest helps institutional investors with global asset portfolios to understand the regulatory diversity in Europe by providing corporate governance research and proxy voting advice based on local market expertise.	Member of the Steering Committee	2022
	Assogestioni	Assogestioni promotes collective engagement initiatives amongst Italian AMs, thereby facilitating the appointment of members of boards of directors and statutory auditors' boards through the slate voting system.	Member of Investment Management Committee	2023
	Investment Association (IA) Stewardship Committee	The Investment Association Stewardship Committee supports the stewardship activities of IA members (UK investment managers) and works towards good governance at UK listed companies.	Member	2024
Impact investing	Global Impact Investing Network (GIIN)	The GIIN reduces barriers to impact investment so more investors can allocate capital to fund solutions to the world's most intractable challenges.	Member of the Investor Council group and of the GIIN advisory group for listed equity	2013
	Impact Management Project	The Impact Management Project serves as a forum for building global consensus on how to measure, manage and report impact.	Member of the Investor Advisory Committee	2017

Theme	Organisation	Description	Status	Year
Impact investing	Operating Principles for Impact Management	The Operating Principles for Impact Management provides a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment life cycle.	Member	2019
	Impact Disclosure Taskforce	The Impact Disclosure Taskforce promotes transparency and accountability among corporates and sovereigns regarding their intentions and progress towards advancing the United Nations Sustainable Development Goals (SDGs).	Member	2023
Responsible investment & Sustainability	Association Française de Gestion (AFG) - Responsible Investment and Corporate Governance Committees	The Association Française de Gestion (AFG) serves as the French industry body for asset management.	Overall member Member of the Corporate Governance Committee and of the Commission IR	1996
	European Fund and Asset Management Association (EFAMA) Stewardship and ESG Standing Committee	The EFAMA serves as the European industry body for asset management.	Overall member Member of the Stewardship and Corporate Sustainability workstream	2004
	FIR (Forum pour l'Investissement Responsable)	The FIR raises awareness on socially and responsible investing, and encourages investors to integrate social cohesion and sustainable development considerations in their work. AXA IM is a member of multiple working groups including on Forced Labour and of FIR's Club SMID, which aims to foster dialogue on ESG issues between investors and small & mid-cap companies on governance, the Corporate Sustainability Reporting Directive, and human capital.	Member of the following working groups: Corporate Purpose, ESG investor/issuer workshops, and Forced Labour, as Well as of the Dialogue & Engagement Committee and the Circular Economy investor subgroup. Lead investor of 3 (anonymised) companies as part of the Forced Labour working group Member of the Governance working group and lead investor of Derichebourg SA and ID Logistics, both as part of Club SMID.	2003
	Forum per la Finanza Sostenibile (ItaSIF)	ItaSif raises awareness of responsible investing and encourage investors to integrate social cohesion and sustainable development considerations in their work in Italy.	Member of the Sustainability Committee	2021
	UK Sustainable Investment and Finance Association (UKSIF)	UKSIF brings together a sustainable finance and investment community in the U.K. and supports their members to expand, enhance, and promote this key sector.	Overall member	2024
	Spainsif	Spainsif represents a platform for sustainable finance and investment in Spain, with the mission to promote the integration of environmental, social, and good governance criteria in investment policies.	Overall member	2018
	PRI (Principles for Responsible Investment)	PRI aims to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.	Overall member Member of the Tax Reference working group and the Global Policy reference group Member of the Real Asset, Real Estate and Infrastructure Committee	2007

Investor initiatives supported in 2024

Theme	Organisation	Description	Status	Year
Responsible investment & Sustainability	International Sustainability Standard Board (ISSB)	The ISSB delivers a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.	Overall member Member of the Investor Advisory group	2019
	World Benchmarking Alliance	The World Benchmarking Alliance serves as a collaborative community for organisations to develop an accountability mechanism for business action on the SDGs.	Member	2022
	Institut de la Finance Durable	The Institut de la Finance Durable coordinates and accelerates the roadmap of the French financial industry with regards to Sustainable Finance with the objective of supporting the energy transition and the broader transformation of our economy.	Member of the Bureau	2022
	Emerging Markets Investors Alliance (EMIA)	EMIA is a not-for-profit organization that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest.	Member	2023
Real Estate	European Association for Investors in Non-Listed Real Estate Vehicles (INREV)	The INREV provides services and education for investors interested in the European non-listed real estate fund market.	ESG Committee member	2019
	Global Real Estate Sustainability Benchmark (GRESB)	The GRESB is an industry-driven organisation committed to assessing the sustainability performance of real estate portfolios around the globe.	Member of Real Estate Standards Committee	2011
	Observatoire de l'Immobilier Durable (OID)	The OID serves as an independent space for exchanges between actors of the real estate industry on sustainable development.	Member of the working groups on Water and on Sustainable Finance	2011
	European Sustainable Real Estate Initiative (ESREI)	The ESREI brings together stakeholders in the real estate sector to discuss ESG issues and the state of ESG regulation across Europe.	Member	2022
	Carbon Risk Real Estate Monitor (CRREM)	CRREM is a leading global standard and initiative for the operational decarbonization of real estate assets. AXA IM is a member of the Global Scientific & Investor Committee, which operates as an advisory board to CRREM's project partners.	Member of the Global Scientific & Investor Committee	2023
	European Public Real Estate Association (EPRA)	The EPRA is the voice of the publicly traded European real estate sector, it is a non-for-profit association. With more than 280 members, covering the whole spectrum of the listed real estate industry. EPRA represents over EUR 790 billion of real estate assets and 94% of the market capitalization of the FTSE EPRA Nareit Europe Index.	Member of the ESG Committee	2006
	The Low Carbon Building Initiative (LCBI)	The LCBI gathers major real estate stakeholders to promote low carbon buildings and reduce the CO_2 emissions of European real estate by half. It has created a label which harmonizes the measurement and practice of Life-Cycle Analysis across Europe.	Sponsor	2023

Investment industry partnerships and collaboration in 2024

Statement	Involvement	Description	Start Year	Topic
Investor Statement to Government on the Climate Crisis	Signatory	Ahead of COP29 and coordinated by one of the investor networks AXA IM works with (including PRI, IIGCC, CDP, and Ceres), this letter observes that effective government policies are essential to accelerating the private capital flows needed for a climate-resilient, nature-positive, just net zero transition. Using a "whole-of-government approach", it encourages governments to implement policies in line with countries' nationally-determined contributions (NDCs) and a 1.5°C scenario, recognizing common but differentiated responsibilities and respective capabilities between emerging and developed economies that will accelerate private sector action and large-scale investment.	2024	Net Zero / public policy
Investor Action on AMR (IAAMR) Public Investor Statement	Signatory	Ahead of the UN General Assembly High-Level Meeting on antimicrobial resistance (AMR) of September 2024, the FAIRR and the Access to Medicines Foundation have composed a statement as part of the Investor Action group on AMR. It includes seven requests for tackling antimicrobial resistance: encompassing science-based guidance and targets, effective stewardship and a 'One Health' approach, integrated surveillance of drug usage, funding for research and development projects on new antimicrobials and alternatives, and ensuring equitable global access.	2024	Health / public policy
Financial sector statement calling for an end to plastic pollution	Signatory	Prepared by United Nations Environment Programme Finance Initiative (UNEP FI), UN PRI, the Finance for Biodiversity Foundation, the Business Coalition for a Global Plastics Treaty, the Dutch Association of Investors for Sustainable Development (VBDO) and CDP, this statement was addressed to member states (negotiators) at the fourth session of the Intergovernmental Negotiating Committee (INC-4) to show support from the financial sector for an internationally legally binding instrument on plastic pollution. The statement communicates what a robust agreement would look like, including alignment of flows, harmonized targets, disclosure, enabling policy environment, mechanisms enabling more private investment, and optimizing co-benefits.	2024	Corporate Governance / policy
ICGN Statement on High Standards of Corporate Governance and Investor Protections as Pre-requisites for United Kingdom Capital Market Competitiveness and Growth	Signatory	Following the FCA Consultation on primary markets effectiveness and their proposal to change listing rules in the U.K., the IGCN is concerned by recent developments in the U.K. which they believe may be detrimental to corporate governance standards and shareholder protections, thereby undermining the U.K.'s economic growth and attractiveness as a global financial centre. Consequently, a letter to the U.K. government was prepared and shared with other stakeholders to advocate for a strong coalition to ensure shareholder rights are protected in the U.K.	2024	Corporate Governance / policy
Joint investor statement on shareholder rights in the United States	Signatory	This joint statement initiated by PGGM and finally signed by 39 institutional investors calls for the SEC to continue to be the preferred arbiter of shareholder proposals in the U.S. and expresses concern over shareholder rights in the U.S. which may be at risk in light of recent litigations.	2024	Corporate Governance / policy
IIHC joint investor statement on EU regulation on the use of PFAS	Signatory	Prepared by the Investor Initiative on Hazardous Chemicals (IIHC) and coordinated by Chemsec, this private statement to President of the Commission Ursula van der Leyen signed by 34 asset managers urges her to address the potential roll-back of the EU Commission on their plan to strictly regulate the use of PFAS.	2024	Biodiversity

Regulatory Review

The UK Stewardship Code	Reference page
Purpose and governance	
1. Purpose, strategy and culture	3-8,69-86
2. Governance, resources and incentives	9-19; 87-94
3. Conflicts of interest	53-54
4. Promoting well-functioning markets	46-50; 67-71; Appendices
5. Review and assurance	98
Investment approach	
6. Client and beneficiary needs	95-96
7. Stewardship, investment and ESG integration	9-86, Appendices
8. Monitoring managers and service providers	93-94
Engagement	
9. Engagement	9-86, Appendices
10. Collaboration	16-19, 24-44, Appendices
11. Escalation	14-15, 24-44
Exercising rights and responsibilities	
12. Exercising rights and responsibilities	52-56

PRI	Reference page
Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.	9-86, Appendices
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.	9-66, Appendices
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.	67-86, 95-96, Appendices
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.	46-50, 93, Appendices
Principle 5: We will work together to enhance our effectiveness in implementing the Principles.	Appendices PRI Assessment Report, AXA IM TCFD-Article-29
Principle 6: We will each report on our activities and progress towards implementing the Principles.	PRI Assessment Report, AXA IM TCFD-Article-29

Japanese Stewardship Code	Reference page
1. Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.	Full report
2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	53-54
3. Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	9-86, Appendices
4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	9-66, Appendices
5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	52-66
6. Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	Full report
7. To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	67-86
8. Service providers for institutional investors should endeavour to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfil their stewardship responsibilities.	N/A

Selected RI research and publications in 2024

Technology and human rights risks: An upstream and downstream approach for investors *Matthieu Firmian and Theo Kotula*	https://www.axa-im.com/document/6577/view
Measuring energy: Losses and efficiencies with an electric silver lining *Olivier Eugène*	https://core.axa-im.com/responsible-investing/insights/measuring-energy-losses-and-efficiencies-electric-silver-lining
Sustainability in 2024: From net zero to a more holistic approach *Virginie Derue*	https://core.axa-im.com/responsible-investing/insights/sustainability-2024-net-zero-more-holistic-approach
Infrastructure and the energy transition: Moving electrons and molecules *Olivier Eugène & Anais El Kasm*	https://www.axa-im.com/investment-institute/investment-themes/infrastructure-and-energy-transition-moving-electrons-and-molecules
What energy transition scenarios are and how they can be used or misused *Olivier Eugène*	https://www.axa-im.com/investment-institute/investment-themes/what-energy-transition-scenarios-are-and-how-they-can-be-used-or-misused
New standards and frameworks arm investors in the battle against biodiversity loss *Mariana Villanueva*	https://www.axa-im.com/sustainability/insights/new-standards-and-frameworks-arm-investors-battle-against-biodiversity-loss
TNFD: A catalyst for biodiversity action *Virginie Derue*	https://www.axa-im.com/insights/tnfd-catalyst-biodiversity-action
Why responsible investors can present a competitive hedge with the adoption of CSDDD *Matthieu Firmian*	https://www.axa-im.com/investment-institute/investment-themes/why-responsible-investors-can-present-competitive-hedge-adoption-csddd
Dark oxygen: A step towards increased climate and nature alignment? *Virginie Derue*	https://www.axa-im.com/our-stories/dark-oxygen-step-towards-increased-climate-and-nature-alignment
AGM season 2024: Back to governance basics? *Héloïse Courault, Alexandre Post & Constance Caillet*	https://www.axa-im.com/investment-institute/investment-themes/agm-season-2024-back-governance-basics
Will COP29 be an enabling COP? *Virginie Derue*	https://www.axa-im.com/sustainability/insights/will-cop29-be-enabling-cop
Avoided Emissions: Why it matters to investors to account for what does not exist *Olivier Eugène*	https://www.axa-im.com/investment-institute/investment-themes/avoided-emissions-why-it-matters-investors-account-what-does-not-exist
COP16: A crucial step towards achieving global biodiversity targets *Benoît Galaup*	https://www.axa-im.com/sustainability/insights/cop16-crucial-step-towards-achieving-global-biodiversity-targets
COP16: Important outcomes despite crucial issues unresolved *Benoît Galaup*	https://www.axa-im.com/sustainability/insights/cop16-important-outcomes-despite-crucial-issues-unresolved
COP29 and the US election: Where does the battle against climate change go now? *Virginie Derue*	https://www.axa-im.com/sustainability/insights/cop29-and-us-election-where-does-battle-against-climate-change-go-now
Climate change: How global warming is stressing people and the economy *Matthieu Firmian*	https://www.axa-im.com/our-stories/climate-change-how-global-warming-stressing-people-and-economy

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