Sustainable Finance Disclosures Regulation (SFDR) disclosures

Article 3: Transparency of sustainability risk policies

AXA IM Select has developed a global responsible investment policy which outlines our approach to the integration of sustainability risks in investment decision-making. In accordance with the SFDR, these sustainability risks include environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of our investments. AXA IM Select defines ESG integration as the integration of environmental, social and corporate governance considerations into investment analysis, management and decisions in the belief that these ESG factors can have a material impact on financial performance, in line with the UN PRI definition.

As a multi-manager, AXA IM Select is in a unique position to influence and direct capital and finance towards positive contributions to environment and society thereby facilitating the transition to a sustainable economy. Therefore, it is important that i) the funds that are selected and managed are aligned with this view in terms of their ability to identify, assess and manage both sustainability risks and opportunities and ii) AXA IM Select can effectively influence managers on their ESG journey and in turn they can effectively engage with issuers. In order to do this, the evolving AXA IM Select responsible investment framework is anchored on three pillars: i) ESG due diligence ii) ESG Exclusions and iii) Governance and Monitoring.

ESG Due Diligence (ESG DD)

The ESG Due Diligence process is a mandatory part of the investment process at AXA IM Select, in which we qualitatively assess firms and underlying funds' RI credentials using proprietary assessments which results in a RAG rating for firms and an ESG score for each fund. We apply stringent minimum thresholds to ensure our portfolios consist of funds / mandates that are less likely to be exposed to not managed ESG risks and where applicable make positive contributions to environment and society. These are the potential pitfalls that wouldn't be identified by traditional financial analysis alone. The purpose of these scores is to provide managers with information about the ESG quality of mutual funds, in order to seek to improve the ESG footprint of offerings where possible.

ESG DD is undertaken in two parts: the ESG Operational Due Diligence (ODD) assessment which is focused at firm level and ESG Investment Due Diligence (IDD) assessment focused at fund level.

ESG ODD assessment at firm level: The areas covered include policies, firm level processes, governance, training, Key Performance Indicators (KPIs) and firm level commitments.

ESG IDD assessment at fund / mandate level: This is a qualitative assessment of funds or mandates based on a questionnaire composed of three scored sections that have their own weights and cover the following areas specifically at fund level:

ESG integration that includes ESG approach, Evidence of implementation of ESG approach and any consideration of impact

Engagement and stewardship that includes Engagement framework, how engagement is tracked and success measured and evidence of active ownership effecting investment decisions.

Risk and reporting includes ESG risk monitoring, ESG KPIs, ESG reporting and consideration of climate risk and biodiversity.

The output of the assessment is an ESG score awarded to each fund / mandate. Currently the total score is out of 5, however this is subject to change. ESG score thresholds are defined that all funds / mandates – new and invested – must meet in order to be eligible for investment and if an invested fund / mandate's score drops below the ESG Score Threshold, there is an escalation process defined which can ultimately lead to removal from approved buy lists. There are two ESG Score Thresholds used at AXA IM Select currently – one for SFDR Article 6 and Article 8 funds / mandates and one for SFDR Article 9 funds / mandates. The assessment is refreshed at least every eighteen months.

ESG Exclusions

At AXA IM Select, implementation of ESG Exclusions is a key pillar of achieving responsible investment. Aside from exclusions based on ESG scores, we apply a range of sectorial or normative exclusion policies. By doing so, we reduce our exposure to ESG risk areas and this enables better management of sustainability risks and principal adverse impacts (PAI). To align with the AXA Group, we apply the same exclusion policies used within the Group or within AXA IM.

Our exclusion areas cover environment, social and governance risks:

- Environment: Climate (coal mining and coal-based energy production; oil sands production and oil sands related pipelines), biodiversity (palm oil production) or soft commodities (food commodities derivatives);
- Social: Health (tobacco manufacturing) and human rights (violations of United Nations Global Compact ("UNGC"); controversial weapons manufacturing)
- Governance: Business ethics (UNGC breach).

Scope:

- **Funds of Mandates:** All of our Article 8 funds of mandates apply an Exclusion List.
- **Funds of funds:** While proprietary exclusions cannot be applied to external funds open to different investors, we monitor for alignment of funds' exclusion areas vs AXA exclusion areas with special attention to exclusions related to Thermal Coal.

Further information about the Exclusions within AXA Group can be found here: [Investments | AXA] and within AXA IM : [Our Sustainability policies, methodologies & reports | AXA IM Corporate]

Governance and monitoring

AXA IM Select believes governance and monitoring of RI issues is a key component to achieving our aims. Aside from the dedicated personnel and governance bodies at firm level, we also focus our efforts at fund level:

- **Investment team involvement:** Majority of the investment team are involved in RI practices such as ESG DD by sector specialists, ESG Exclusions implementation by Portfolio Managers, SFDR implementation by all and ESG record keeping by analysts.
- **Reporting and monitoring of funds:** All funds / mandates are monitored on a frequency of between quarterly, semi-annually and annually as specified in the Due Diligence process. Aside from an update of the IDD note, this can include direct discussions with the managers therefore closely liaising on all ESG related issues as well. The monitoring of funds by portfolio managers includes checking current and future potential of compliance with any agreed constraints, e.g. Fund label requirements and SFDR classification related requirements. It is worth noting that all agreed constraints are monitored by the Investment Risk Monitoring department at an agreed frequency.
- **Greenwashing:** Whilst our ESG DD processes are set up to undertake in-depth assessments of firms and funds / mandates from an RI perspective to ensure their ESG quality and credibility, we recognise there can be outstanding risks. Hence, we monitor the news for any greenwashing related alerts at firm level.

AXA IM Select's responsible investment policy can be found here: axa-im-selectglobal-responsible-investment-policy.pdf

Investment Managers

Select

Article 4: Transparency of adverse sustainability impacts at entity level

No consideration of adverse impacts of investment decisions on sustainability factors

Taking account of AXA IM Select's size, the nature and scale of our activities and the types of products we make available, we do not consider it appropriate to comply with the PAI entity level reporting regime as set out in Article 4 of the SFDR. AXA IM Select is conscious that a number of challenges in applying the PAI regime at entity level remain at the date of this statement such as uncertain regulatory requirements and the availability of clear methodology for all of the PAI indicators. In addition, certain of our products involve portfolio management strategies where it is not possible to conduct detailed diligence on the principal adverse impact of the investments on sustainability factors. AXA IM Select is also conscious of the lack of readily available reliable data that is needed to comply with many of the technical reporting requirements of the PAI entity level reporting regime. Many issuers and market data providers are currently unable to make available all the necessary data that AXA IM Select requires in order to comply with the PAI entity level reporting regime. AXA IM Select will continue to keep its decision not to comply with the PAI entity level reporting regime under regular review.

While AXA IM Select does not consider the adverse impacts of investment decisions on sustainability factors at entity level, for certain products categorised under Article 8 or Article 9 of the SFDR, AXA IM Select may consider the principal adverse impacts of the financial product's investments on sustainability factors in accordance with Article 7 of the SFDR. Where this is the case, more information is available in the pre-contractual disclosure and periodic reporting annexes for those products.

Engagement Policy

Since March 2025, AXA IM Select subdelegated funds are now applying AXA IM voting policy in order to ensure homogeneity in the votes among all our externally subdelegated funds. The engagement remains delegated to the external investment managers.

AXA IM Select has made the required disclosures under the Shareholders Rights Directive here: Legal and Regulatory Information | AXA IM

Article 5: Transparency of remuneration policies in relation to the integration of sustainability risks

The European Union published in December 2019 the Sustainable Finance Disclosure Regulation (SFDR) which applies from 10 March 2021. This regulation requires 'financial market participants and financial advisers' to include in their remuneration policies details of how the policies are consistent with the integration of 'sustainability risks'. Therefore, starting from 1 January 2021, individual and collective objectives include elements related to the adherence to the sustainability risk framework to be embedded in investment processes. The AXA IM variable pay pools and awards are determined considering the completion of these objectives.

Additionally, sustainability risks are integrated in both deferred and long-term variable remuneration components:

Deferred: The DIP (Fund) award consists of a deferred cash plan indexed to the investment performance of a synthetic basket(s) of AXA IM funds and to an ESG performance index.

Long-term (AXA LTI): AXA Performance Shares include Sustainability criteria weighing for 30% of the overall performance: Achievement on (i) specific climate related target (reduction of operations' carbon emissions) and (ii) Inclusion and Diversity target (increase the portion of women in Group's executive population) complement (iii) the target on AXA's score in the S&P Corporate Sustainability Assessment.

AXA IM's Remuneration Policy, which is reviewed and approved by the AXA IM Remuneration Committee every year, sets out the principles relating to remuneration within all entities of AXA IM and takes into account AXA IM's business and risk strategy, objectives, including Sustainability risk-related objectives, Culture and values, and the long-term interests of AXA IM's clients, shareholders and employees.

AXA IM applies a "pay-for-performance" approach to remuneration, incorporating adjustments for risk considerations, to recognise employees who contribute the greatest value to the firm, considering performance, behaviours, experience and critical skills. The intent of this approach is to attract and retain the best skills and talents, to foster employee engagement and to strengthen AXA IM's leadership while promoting Corporate Responsibility and Responsible Investment that will deliver long term sustainable performance for AXA IM's clients and long-term employability.

AXA IM Select remuneration policy disclosure can be found here: [axa-im-global-remuneration-policy-disclosure.pdf]

Investment Managers

Select

Article 6: Transparency of the integration of sustainability risks

Sustainable Finance

The Manager's sustainability risks integration policy

The Manager has designed and implemented a sustainability risks integration policy, which is in line with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). Under SFDR, "sustainability risk" means an environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The Manager's policy therefore approaches sustainability risks from the perspective that ESG events might cause a material negative impact on the value of the Funds' Investments. Sustainability risks are integrated into investment decisions by including an ESG due diligence process as part of the Manager's investment due diligence process that is applicable to delegate manager selection for manager of manager products, and fund selection for fund-of-funds products [or investment advisory mandates].

While the Manager cannot remove all sustainability risk from the portfolio of any Fund, the Manager's ESG due diligence process aims at reducing the tail risk related to sustainability across the Fund's investments and delivering more stable returns over the long term.

For example, a sustainability risk could be a burden to a particular sector such as energy or mining from regulation, with respect to climate change, that is likely to increase the cost of burning fossil fuels and have a knock on effect of reducing demand for those fuels that emit carbon dioxide. The purpose of ESG due diligence in this regard is to ensure that Investment Managers are taking these sorts of sustainability risks into account when selecting issuers to invest in. Those issuers that are more exposed to sustainability risks and are not managing those risks in an appropriate manner are likely to see financial performance negatively impacted, which could result in reduced returns for Unitholders.

The Manager, as a member of the AXA Group, applies AXA IM exclusion policy by default to all SFDR Article 8 and 9 subdelegated funds and AXA Group exclusion policy if required by the client. The exclusion policy is not applied to Funds that are structured as fund-of-funds or Funds that track an index due to the nature and structure of those Funds. Details of all Funds to which the exclusion policy applies are disclosed in the relevant Supplement.

The AXA IM exclusion policy has identified specific issuers in the following sectors the securities of which are excluded as potential Investments of the Funds:

- Climate risk policy
- Controversial weapons policy
- Ecosystem protection and deforestation policy
- Soft commodities policy
- Tobacco policy

The most current sector guidelines are available on the AXA IM Responsible Investment website: Our Sustainability policies, methodologies & reports | AXA IM Corporate

The AXA Group exclusion policy has identified specific issuers in the following sectors the securities of which are excluded as potential Investments of the Funds:

- Coal mining and coal-based energy production
- Oil sands production and oil sands-related pipelines
- Tobacco manufacturing
- Palm oil production
- Food ("soft") commodities derivatives
- Controversial weapons manufacturing

The most current sector guidelines are available on the AXA Group Responsible Investment website: Responsible investment | AXA

The likely impact of sustainability risks

The Manager has assessed the likely impact of sustainability risks on the returns of the Funds and this section sets out a qualitative summary of those risks. The ability of the Manager to assess the impact of sustainability risks is complex. The assessment of sustainability risks requires subjective judgements and is based on data that is difficult to obtain, incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the impact of sustainability risks on the Funds' investments will be correctly assessed.

To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated, there may be a sudden, material negative impact on the value of an Investment and hence the returns of a Fund. Such negative impact may result in an entire loss of value of the relevant Investment(s) and may have an equivalent negative impact on the returns of a Fund. However due to the diversification within collective investment schemes and furthermore in fund-of-funds structures, the risk of significant loss from a single instrument is diminished in such structures.

The impacts following the occurrence of a sustainability risk may be numerous and vary depending on the specific risk and asset class. In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, and may be an entire loss of, its value. For a corporate issuer, this may be because of damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A corporate issuer may also suffer the impact of fines and other regulatory sanctions. The time and resources of the corporate's management team may be diverted from furthering its business and be absorbed seeking to deal with the sustainability risk, including changes to business practices and dealing with investigations and litigation. Sustainability risks may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by businesses to which a Fund is exposed may also be adversely impacted by a sustainability risk.

Sustainability risks are relevant as both standalone risks, and also as cross-cutting risks which manifest through many other risk types which are relevant to the assets of a Fund. For example, the occurrence of a sustainability risk can give rise to financial and business risk, including through a negative impact on the credit worthiness of other businesses.

The increasing importance given to sustainability considerations by both businesses and consumers means that the occurrence of a sustainability risk may result in significant reputational damage to affected businesses. The occurrence of a sustainability risk may also give rise to enforcement risk by governments and regulators and litigation risk.

A sustainability risk may arise and impact a specific Investment or may have a broader impact on an economic sector, geographical regions and/or jurisdictions and political regions. Many economic sectors, regions and/or jurisdictions, including those in which a Fund may invest, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

Laws, regulations and industry norms play a significant role in controlling the impact on sustainability factors of many industries, particularly in respect of environmental and social factors. Any changes in such measures, such as increasingly stringent environmental or health and safety laws, can have a material impact on the operations, costs and profitability of businesses. Furthermore, businesses which are following current measures may suffer claims, penalties and other liabilities in respect of alleged prior failings. Any of the foregoing may result in a material loss in value of an investment linked to such businesses.

Further, certain industries face considerable scrutiny from regulatory authorities, non- governmental organisations and special interest groups in respect of their impact on sustainability factors, such as compliance with minimum wage or living wage requirements and working conditions for personnel in the supply chain. The influence of such authorities, organizations and groups along with the public attention they may bring can cause affected industries to make material changes to their business practices which can increase costs and result in a material negative impact on the profitability of businesses. Such external influence can also materially impact the consumer demand for a business's products and services which may result in a material loss in value of an investment linked to such businesses.

Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise cause a material adverse impact on sustainability factors may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost ahead of their anticipated useful life. Attempts by sectors, regions, businesses and technologies to adapt so as to reduce their impact on sustainability factors may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced.

In the event that a sustainability risk arises this may cause investors to determine that a particular investment is no longer suitable and to divest of it (or not make an investment in it), further exacerbating the downward pressure on the value of the investment.