



Investment
Managers

Our Sustainability Journey

2023 overview



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Investing with purpose

“The great enabler of climate action”—that’s how UN Climate Change Executive Secretary Simon Stiell characterised finance at COP28 last December.

With over €844 billion⁽¹⁾ in assets under management, AXA IM has both the opportunity and the responsibility to lead in climate action.

This leadership means investing with purpose—not only by decarbonising our portfolios but also by striving to create positive, lasting impacts. We achieve this in two ways: by channelling capital into natural capital solutions and sustainable investments, and by engaging with the companies we invest in to hold them accountable and support their net zero journeys.

Our responsible investment approach goes beyond climate. As the world transitions to a low-carbon economy, environmental and social outcomes are deeply intertwined. We are committed to advancing social priorities by engaging with companies on issues like gender diversity and child labour, and by directing capital towards social impact projects that enhance global health access and financial inclusion.

While our greatest influence is as an investor, we also have a duty to lead as a global organisation of over 2,800 employees. To drive meaningful change, we must uphold the same high standards we expect from others. This includes working towards net zero emissions by 2050 and fostering an inclusive culture where our people can thrive.

This voluntary publication aims to highlight how our commitments and actions as an investor, business and employer are driving meaningful change across key themes: decarbonisation across our main asset classes and own operations; the importance of engagement with investee companies, our employees and society; and our efforts to consciously channel capital towards companies and projects that are accelerating the transition to a more sustainable future.

From extending our stewardship mandate to setting even more ambitious net zero targets, I believe we can amplify our impact on the planet and its people.



While we have made substantial progress, we strive to do more.

Marco Morelli
Executive Chairman,
AXA Investment Managers

(1) As at 31/12/2023

Our sustainability journey



All figures as of 31/12/2023

A leading responsible asset manager

AXA Investment Managers is a responsible asset manager, actively investing for the long term. Part of AXA Group, one of the world's largest insurers, we work towards a strong purpose: to act for human progress by protecting what matters.

€844bn
assets under management

A global diversified asset manager

We aim to deliver sustainable growth through investment cycles. AXA IM has four investment business units: Core, Alts, Prime and Select, each of which invests across a range of strategies: fixed income, equities, multi-asset and alternatives.

€480bn
sustainable assets under management⁽²⁾

Committed to responsible investing

Our responsible investing approach is integrated throughout our business and all asset classes. Over half of our assets under management are categorised as ESG-integrated, sustainable or impact assets.

2,800+
employees in 18 countries

Our people drive progress

With a team of over 2,800 employees in 18 countries and 780 investment professionals across 22 investment centres, we bring extensive experience to serve our clients.

5,000+
clients

Creating value for clients

AXA IM serves a diverse range of clients across a variety of sectors. Investing in traditional and alternative asset classes through a range of exposures, we proactively seek to find new and innovative ways of expanding our offering so every client can meet their investment objectives.

⁽²⁾ Promoting environmental and/or social characteristics or being sustainable



Our philosophy

The global economy is being affected by megatrends such as climate change, increasing longevity, technological advancements and new regulations, which are driving a shift towards a more sustainable and equitable model.

By championing sustainability, we aim to play an active role in driving this transition.

AXA IM has been involved in responsible investment for over 20 years. We are committed to progressively incorporating environmental, social and governance (ESG) factors into each area of our investment management. Additionally, we aim to develop a wide range of responsible- and impact-investment products.

Our investment philosophy is based on the following conviction: actively considering ESG risks and opportunities is crucial for building more stable portfolios that deliver long-term investment returns for our clients.

Considering non-financial factors alongside traditional financial criteria in investments is important for several reasons:

- It is crucial for removing companies and investments from portfolios when they present high levels of ESG risk, which could negatively impact financial performance.
- It emphasises companies and investments that adopt best practices in ESG management. This positions them, in our view, to better address future major challenges.
- It may enhance performance through active dialogue with companies on managing ESG concerns, thereby reducing our clients' exposure to reputational risk.

Our 2023 highlights



As a responsible investor

€480bn
of assets under management (AUM) categorised as ESG-integrated, sustainable or impact

70%
of AXA IM Core and Alts assets in scope classified as Article 8 or 9 under SFDR Level II

€41bn
of AUM awarded with at least one sustainability-related label

80%
of corporate bonds and equities invested in companies that are net zero aligned or aligning by 2040

4.7%
of total AUM dedicated to climate solutions



As a responsible business and employer

100%
renewable electricity in our six largest offices

99%
of employees certified with the AXA Climate Academy programme

45%
of our Management Board is comprised of women

38%
of our Board of Directors is comprised of women

€1.1m
donated to charitable organisations

Convictions shaping our approach

In conversation, Marie Bogataj and Gilles Moëc discuss how AXA IM plays a leading role in transforming the environment and society for a more sustainable future, by driving change inside and out.



Marie Bogataj
Global Head of Communications, CSR and ESG Development



Gilles Moëc
AXA Group Chief Economist and AXA IM Head of Research

“ How does ‘walking the talk’ as an organisation impact AXA IM’s role as a responsible investor, and vice versa?

Marie As an investor, AXA IM has the power and responsibility to push for progress. Living out that progress as an organisation is crucial in order to be consistent with our values, to live up to what we expect from our investee companies and to attract and retain talented people seeking responsible companies.

Gilles Acting responsibly as an employer and business deepens our understanding of ESG issues, which in turn strengthens our engagement as an investor. It also boosts our credibility as we guide the companies we invest in on their transition to a sustainable future.

As stakeholders’ sustainability expectations evolve, what are your views on recent scepticism of integrating environmental, social and governance (ESG) issues in investment decisions?

Gilles Responsible investing (RI) has recently faced criticism, with some arguing that investors should focus solely on profits and others dismissing ESG as greenwashing. We disagree. Our conviction is that ESG integration will yield long-term financial benefits.

Marie Amid ESG debates, AXA IM remains committed as a responsible investor, actively stewarding our investments, setting goals and spearheading regulatory alignment. That also means leading by example.

When it comes to transitioning towards sustainable practices, how does AXA IM hold itself accountable?

Gilles Investors are increasingly demanding when it comes to sustainability—and that’s a good thing. Our clients want to be sure that we do what we say. That’s why we’ve developed tools, like our Progress Monitor, that quantify our progress towards sustainability goals.

Marie Transparency is key. We publish both required and voluntary sustainability information to reach the widest audience possible. Regularly sharing our progress is also a way to bring stakeholders—from clients to employees—together around these goals.



Our sustainability approach

At AXA IM, we connect our commitments as a responsible investor with the way we embed responsibility as a firm. Our purpose—to act for human progress by investing in what matters—is central to every action we take as an investor, business and employer.

Responsible investor

We actively invest with purpose, channelling capital towards responsible solutions while aiming to deliver long-term value to clients. The AXA IM responsible investing (RI) framework is based on three pillars: quantitative and qualitative ESG research, exclusion policies and stewardship. Our top-level policies exclude investments that are harmful to society and the environment, covering controversial weapons, soft commodities, coal and more. Through active stewardship, we strongly encourage companies and issuers to integrate sustainability into their strategy and processes.



Responsible business

It is not enough to be an active player in responsible investment. We hold ourselves to the same high standards that we ask of others. Notably, AXA IM is committed to reaching net zero greenhouse gas emissions by 2050. We also promote sustainability across our value chain, encouraging our suppliers to reduce their own emissions and uphold human rights.

Responsible employer

We aim to foster an inclusive culture where our people are valued, recognised and supported. Diversity and inclusion are core values in our culture. By prioritising personal learning and development, we empower our employees to act as stewards of their own careers. And we actively listen to our people, to understand how they feel about the work they do and their role in driving our organisational purpose.



Sustainability governance

We expect high standards of governance from the companies we invest in, and we hold ourselves to the same standards.

Our sustainability teams are embedded throughout AXA IM and work collaboratively, notably to reach net zero GHG emissions by 2050 as an investor and a business.

In 2023, AXA IM's sustainability governance structure (see diagram below) was reviewed in order to improve collaboration and synergies between our business units and better consider specificities of each asset class—as well as to ensure we walk the talk by aligning with our own operations and practices through joint work with the Corporate Responsibility and ESG Development teams. By doing so, we have the ambition to maintain AXA IM's status of "advanced" player in the sustainability space, while properly tackling greenwashing risks.

Our governance structure helps to ensure that the integration of sustainability risks and opportunities throughout the business is sufficiently robust and transparent for all our clients and external stakeholders.

Responsible investment and ESG management

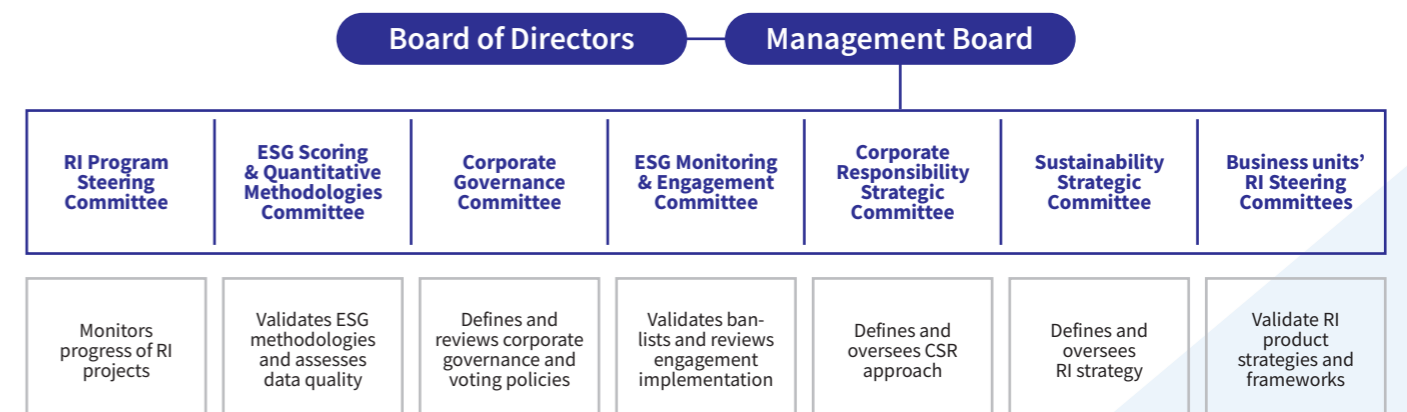
The RI capabilities are now organised under an RI Center which serves as a transversal actor facilitating the RI

Research team, which leads shareholder engagement and produces research on key environmental and social themes, and the RI Coordination and Governance team, responsible for implementing RI policies, managing cross-BU projects, and advocating on sustainable finance policies.

In addition to these teams, employees from operational functions within the General Secretariat and within the Global COO department are fully dedicated to ESG, to ensure the adaptation of our operational framework to ESG risks and opportunities.



Sustainability governance





The AXA IM For Progress Monitor

AXA IM has set the goal of reaching net zero as a business and investor by 2050. We aim to ensure our non-financial targets are as visible as our financial objectives. To achieve this, we developed the AXA IM For Progress Monitor: a simple and transparent way to track our progress towards net zero.

The Progress Monitor comprises a selection of eight key performance indicators (KPIs). They were chosen for their strategic importance and material contribution towards our net zero goal. These indicators provide a focus on how our commitments and actions are driving change across the following three themes:

Decarbonisation

Decarbonisation across the main asset classes and our own operations

Channelling capital

Solutions to consciously channel capital to companies and projects helping accelerate the transition

Engagement

The importance of engagement activities both internally and externally

Prioritising regular and public self-monitoring, we communicate our progress annually, complementing our reporting cycles. Each metric has interim targets. Part of AXA IM's strategic roadmap, the targets are reviewed regularly to ensure they are suitably ambitious and reflective of broader business objectives.

Non-financial metrics are measured directly by the AXA IM teams responsible for them, in some cases relying on third-party data providers. Data is verified by our technical and control teams.

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 [LEARN MORE VIDEO](#) 

Looking ahead

AXA IM is focused on delivering growth while maintaining our competitive edge in responsible investing. We are approaching the next three years with the right mix of ambition, clear targets and a strong focus on performance and sustainable growth.

Our 2024-2026 strategy

In early 2024, AXA IM unveiled a new strategic plan designed to propel it forward: AIM for 2026. The strategy includes four main pillars: performance & growth, responsibility, excellence and resilience.

The road ahead for responsible investing

Responsibility is central to AXA IM's overarching strategy for the three years to 2026. Building on our strong ESG foundations, we will continue to develop innovative and industry-leading offers in areas such as decarbonisation, biodiversity and social themes. By developing bespoke ESG solutions, we will improve our clients' experience. In our role as a leading asset manager, we will promote thought leadership, engagement and advocacy, while tracking and communicating our progress.

Going forward, our Responsible Investing (RI) strategy is focused on three key priorities:

1. To offer our clients sustainable performance over the long term, we will continue to engage with investee companies and work to influence the policy environment.
2. We will prioritise clear communication and efficiency. We are working to provide our clients with clarity on how RI principles are applied when managing their assets.
3. We will regularly and publicly monitor and report on our RI efforts. With simple and quantified KPIs and real-world case studies, we can demonstrate how we are making a difference.

 [LEARN MORE WEBSITE](#) 

Progress Monitor metrics

Throughout this report, we will highlight these eight metrics, our progress towards our interim targets in 2023 and our next steps.



CORPORATE PORTFOLIO CARBON INTENSITY



OPERATIONAL CARBON FOOTPRINT



EXIT FROM COAL



REAL ESTATE AUM CRREM ALIGNED



REAL ESTATE CARBON INTENSITY



NATURAL CAPITAL SOLUTIONS



ACTIVE EXTERNAL ENGAGEMENT



ACTIVE INTERNAL ENGAGEMENT

I. Decarbonisation



65%

of total AUM
managed to be in line
with **Paris-aligned
net zero pathways**



33%

decrease in AXA IM's
operational emissions
from 2019 to 2023

The road towards global net zero emissions requires a **collective effort**. As stewards of the investments entrusted to us, asset managers have the ability—and responsibility—to contribute to achieving the goals of the Paris Agreement while delivering financial returns.

AXA IM is committed to **achieving net zero by 2050**, both as an

investor and a business. Our investment priorities include **decarbonising*** our corporate (fixed income and equity) portfolios, **divesting** from coal and **cutting** emissions from our real estate assets.

In parallel, we are taking action to **reduce our own operational carbon footprint**.

*See Glossary for definition

Decarbonisation of our portfolios

AXA IM actively seeks to decarbonise its portfolios, working towards net zero by 2050.

Our portfolio managers identify companies with credible net zero transition plans. To assess the maturity of corporate climate strategies, we use our in-house framework inspired by the NZIF Guidance on Target Setting, which combines quantitative data with qualitative analysis to confirm the credibility of each company's strategy. This assessment allows us to track progress towards net zero, guiding our engagement with investee companies and informing divestment decisions when necessary.

Beyond proactive investments in companies with net zero strategies, we have established asset exclusion policies that prevent investments in heavily polluting sectors. Notably, our Climate Risks Policy focuses on gradually reducing exposure to carbon-intensive sectors by excluding companies most exposed to unconventional oil and gas activities, as well as coal. In 2023, we strengthened this policy by excluding investments in companies that generate more than 5% of their revenue from oil sands production (previously 20%).

Furthermore, AXA IM is dedicated to continuous engagement with investee companies, aiming to influence and support their paths to net zero.



CORPORATE PORTFOLIO CARBON INTENSITY

Corporate portfolio includes listed equity and fixed income assets. Carbon intensity is a measure of the CO₂ emissions per million dollars of revenue a company generates⁽³⁾.

Target



25% reduction in carbon intensity for our corporate portfolio from 2019 levels by 2025. The 2019 baseline is 147.8 tCO₂e/\$M revenues.

At the end of 2023



48.6% reduction from 2019 levels⁽⁴⁾, meaning we have already surpassed our 2025 target

(3) This measurement covers Scope 1 and 2 GHG emissions from the companies we invest in. We intend to capture Scope 3 when the data quality for these emission streams improves for our investee companies.

(4) In 2023, the main driver of the overall decrease in carbon intensity was the market effect, namely general inflation.



Charting the course for coal divestment

In 2017, AXA IM was one of the first asset managers to implement a blanket exclusion for companies active in the coal sector. Today, we are committed to divesting from coal in OECD countries by 2030 and globally by 2040.

We are phasing out coal by progressively tightening our exclusion criteria. As of 2023, we exclude investments in companies generating more than 15% of their revenue from thermal coal mining or power generation (previously 30%).

Back in 2022, we began excluding all companies involved in new coal mining or power generation projects or expansion plans. Looking ahead, we will strengthen our criteria by reducing our exclusion threshold from 15% to 10% in OECD countries by 2026.

Our approach to exclusion is strict: even \$1 of revenue attributed to coal activities is considered an indicator of exposure.

While we still invest in some companies with coal revenue that are not excluded under our current policies, we do so only if they are on a clear, committed path to net zero. By investing, we support their long-term transition plans to phase out coal while continuing to meet energy demand.



EXIT FROM COAL

Exit from coal is expressed as a percentage of total direct investments in corporate assets held by AXA IM⁽⁵⁾ that have exposure to thermal coal revenues (mining and power generation). Companies' exposure to coal is defined as generating \$1 or more of revenue from thermal coal.

Target



0% of our investments exposed to thermal coal revenues in OECD member countries by 2030

At the end of 2023



0.36% of our investments in OECD member countries

In 2023, we tightened our exclusion criteria to companies generating over 15% of their revenues from coal, as well as companies with new coal mining or power generation projects.

(5) Total direct investments in corporate assets are all investments in listed companies from all applicable instruments managed by AXA IM (i.e., excluding all alternative assets such as direct real estate and infrastructure assets, and other alternative credit such as collateralized loan obligations (CLOs), insurance-linked securities (ILS), asset-backed securities (ABS) or mortgages) and with no look-through (i.e., excluding investments in listed companies in funds managed by external asset managers that are part of funds of funds managed by AXA IM).

Decarbonisation of real estate

Real estate accounts for nearly 40% of all global greenhouse gas (GHG) emissions⁽⁶⁾. As one of the largest real estate managers, AXA IM has a pivotal role to play in helping decarbonise the sector.

In 2023, we launched an internal transformation program to integrate our decarbonisation goals consistently into our real estate investment activities. This initiative has helped us establish a clear roadmap and processes to significantly reduce GHG emissions, in alignment with the Paris Agreement.

To improve the energy efficiency and carbon intensity of real estate assets we manage, we prioritise understanding and enhancing their performance. Our aim is to actively reduce portfolio emissions through optimising energy use, refurbishing buildings, transitioning to decarbonised heat and fuel sources, and engaging tenants in sustainability efforts. Conducting energy audits plays a crucial role in developing targeted improvement plans and estimating associated costs.

Additionally, we created an operational excellence protocol that outlines best practices to further reduce emissions, such as optimising equipment, upgrading lighting and fostering tenant collaboration. We plan to incorporate these requirements into our property managers' mandates throughout 2024.

Sustainability certifications for real estate

We regularly seek sustainability certifications for our real estate assets, to indicate long-term performance and raise awareness among stakeholders. We work with global certification schemes such as ENERGY STAR, LEED and BREEAM, as well as local programmes including HQE in France and Minergie in Switzerland.

By the end of 2023, 66% of our real estate AUM in scope was certified. We aim to certify 75% by 2030. Since 2011, AXA IM has participated in the Global Real Estate Sustainability Benchmark (GRESB). In 2023, we maintained our four-star status and increased our average score to 87/100, up five points from 2022 and 18 points from 2020, reaffirming our leading ESG position.



CASE STUDY

Converting offices to apartments while promoting the circular economy

Sägestrass 76/78 in Köniz, Switzerland used to be an office building. In response to growing demand for housing and decreasing demand for offices, AXA IM converted the building to apartments. The refurbishment involved installing a photovoltaic system, a district heating system and electric charging stations.

The redevelopment also retained the original building's structure, and existing materials including windows and wood materials were reused. This resulted in significantly lower Scope 3 emissions (to 238 kg CO₂e/m²) and decreased costs, in addition to promoting circular construction. As a result of the conversion, CO₂ emissions were reduced by 66.6%.

(6) Source: UNEP FI (<https://www.unepfi.org/themes/climate-change/40-of-emissions-come-from-real-estate-heres-how-the-sector-can-decarbonize/>)



REAL ESTATE CARBON INTENSITY

Scope covers directly owned and managed AXA Group assets⁽⁷⁾.

Target



20% reduction in landlord operational carbon intensity from 2019 levels by 2025. The 2019 baseline is 31.3 kgCO₂e/sqm.

At the end of 2023



32.6% reduction from 2019 levels

In 2023, Scope 1 and 2 emissions decreased by 9.5% and associated kWh decreased by 10.9% compared to 2022. This reflects our policy to optimise building energy use and minimise emissions, by switching to lower-emitting energy sources and engaging with tenants⁽⁸⁾.

Looking ahead, we will begin adding our new operational excellence protocol's best practices to our property managers' mandates.



REAL ESTATE AUM CRREM ALIGNED

The Carbon Risk Real Estate Monitor (CRREM) offers science-based real estate decarbonisation trajectories to limit the global temperature increase to 1.5°C or 2°C. The baseline is based on a reference portfolio against CRREM V1⁽⁹⁾. The 2023 figure is measured against CRREM V2 (following changes to the CRREM V1 methodology in 2023) and represents about 35% of total AUM in scope⁽¹⁰⁾.

Target



Maintain **50% of direct real estate AUM** in line with the Carbon Risk Real Estate Monitor (CRREM) trajectory by 2025

At the end of 2023



69% of AUM in line with CRREM trajectory (based on full-year 2022 data)

(7) Reporting scope excludes raw land, sites under development or refurbishment, forestry assets, assets outside of asset management control or under advisory.

(8) It is important to note that landlord scope is not stable over time, since it is impacted by tenancy evolution with vacant areas being considered as landlord areas and controlled areas evolving based on agreement with tenants. In addition, we significantly increased data coverage over time (46% of landlord-controlled sqm in 2019, 77% in 2022 and 79% in 2023). Notably, reporting scope in 2023 represents c. €63bn AUM, i.e., c. 77.5% of total real estate equity AUM; and assets are included in the KPI only if complete data (defined as >90% coverage of data in time and surface) is collected for all the landlord utilities. Hence, comparison with 2019 data should be considered with caution.

(9) The baseline's reference portfolio is composed of 80 real estate assets located in the five main European geographies, France, Germany, the UK, Italy and Belgium. No data is available for Switzerland, US, Australia and Japan, which could materially influence future results if coverage of such countries is improved.

(10) Assets are included in the KPI only if whole building data is available with actuals (complete data) or gap filling and extrapolation (good quality estimates).



Decarbonisation of our operations

AXA IM is committed to becoming a net zero company by 2050, holding ourselves to the same rigorous standards we expect from the companies we invest in. To achieve this, we have implemented a three-step programme to measure, reduce and offset emissions across all our operations, working closely with external partners to design and execute this strategy.



MEASURE

Since 2012, we have tracked our carbon footprint across Scopes 1, 2 and business travel for our largest offices only. In response to the growing urgency of climate change and increasing regulation, we expanded our reporting in 2021 to include all locations and all scopes of emissions, including Scope 3 emissions from our supply chain, which accounts for around two-thirds of our emissions. We conduct this annual study using the GHG Protocol Corporate Standard methodology. In 2023, our total emissions amounted to 34,247 tCO₂e⁽¹¹⁾.



REDUCE

We have set ambitious 2025 targets, against a 2019 baseline, to reduce our emissions (energy, car fleet and business travel) and consumption of natural resources (paper, water and waste). These targets aim to deliver tangible results, with progress measured and reported annually. Global policies guide our reduction efforts, complemented by local policies catering to varying sustainability maturity levels across markets. To further support these efforts, we have partnered with ClimatePartner to develop a new net zero roadmap for all our offices and address Scope 3 supply chain emissions.



OFFSET

As a final step in our carbon management strategy, we offset the emissions we cannot yet eliminate. While we recognise that carbon offsetting is not a standalone solution, it helps address the unavoidable emissions inherent in our operations. In 2023, AXA IM purchased carbon credits to offset emissions (12,624 tCO₂e) across our operations, excluding those from purchased services. These high-quality credits support five projects across Mexico, Morocco and China. Through this, we aim to mitigate our environmental impact while continuing to reduce our overall carbon footprint.

(11) In 2023, AXA IM's operational emissions were 34,247 tCO₂e using a location-based approach and 33,451 tCO₂e using a market-based approach. The location-based method calculates energy emissions based on the emissions intensity of the local grid area. Meanwhile, the market-based method is based on electricity that companies purchase through instruments such as Renewable Energy Certificates (RECs).



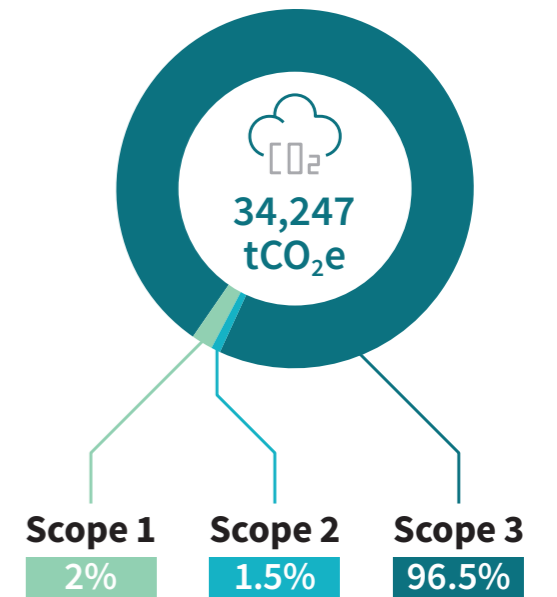
Partnering for measuring and reporting on our emissions

In 2021, we acquired **ClimateSeed** through our Impact Investing strategy. ClimateSeed is a platform for carbon footprint reporting and reduction, including a GHG Management Software and a certified carbon credit marketplace.

We used ClimateSeed's environmental reporting tool in 2023 to enhance our GHG emissions reporting, tailoring it to our needs with input from local offices.

The tool helps us track progress, meet targets and make proactive decisions thanks to its forecasting capabilities. We also purchase carbon credits through ClimateSeed.

AXA IM's % emissions in 2023 by scope



Supplying households with clean biogas through carbon offsetting



In 2023, one of the carbon offset projects we supported was a biogas development programme in Sichuan, China.

The project aims to support low-income rural households with advanced biogas digesters and smoke-free biogas cookstoves, installed and maintained by local technicians. The biogas digester tanks are fed with animal manure—which was previously just discharged into open pits—and converted into clean and affordable biogas to be used conveniently for cooking, heating or lighting, instead of coal and firewood.

After switching to biogas, this projects substantially improves the lives of nearly 400,000 rural households and avoids approximately 800,000 tCO₂e per year.



Focus on reducing our carbon footprint



BUSINESS TRAVEL ► TARGET -25%

While face-to-face meetings are essential, we recognise the need to optimise business travel, the second-highest source of emissions at AXA IM. Our travel footprint was notably lower during 2020-2022 due to the pandemic, and we aim to build on this by leveraging enhanced digital tools and increased remote work to prioritise essential travel only. Our internal travel policy has been revised to ensure travel is undertaken only when necessary and in the most sustainable way. This includes using trains for journeys under three hours and reducing long-haul travel by using digital solutions for some meetings. Looking ahead, we plan to review and update our travel policy with enhanced guidelines for sustainable practices. We will strengthen policy efficiency through senior management communication and employee awareness, launch a travel dashboard to track emissions, and partner with our travel agency to explore options like Sustainable Aviation Fuel.



ENERGY ► TARGET -36%

AXA IM transitioned its six largest offices to 100% renewable electricity in 2023. We directly supplied four offices and purchased Renewable Energy Certificates (RECs) for the other two. In addition, we reduced our overall energy consumption by moving to sustainable buildings, optimising workspace utilisation, and implementing energy sobriety plans including temperature regulation and floor closures. Moving forward, we aim to extend the use of renewable electricity to more facilities, including data centres, and explore additional energy-saving opportunities through collaboration with landlords and energy providers.



CAR FLEET ► TARGET -15%

In 2023, we introduced a new car fleet policy in our French operations, prioritising lower-emission vehicles and mandating hybrid or electric vehicles for all new acquisitions. Stricter criteria were also implemented for obtaining company cars. Additionally, we successfully reduced the overall size of our car fleet in several offices worldwide, supporting our environmental objectives. Looking ahead, we will focus on strengthening the implementation of this policy across all relevant locations, working closely with our global and local COOs to ensure consistency and effectiveness. We will also continue efforts to further reduce the number of cars in our fleet.



GOING FURTHER: SUSTAINABILITY STANDARDS

We have established sustainability standards across our operations, including the Sustainable Events Standard, which aims to minimise the environmental impact of event management, planning and attendance. This standard promotes practices like reusing branding materials, reducing event-related travel and prioritising vegetarian menus with locally sourced ingredients. Additionally, we introduced the Corporate Gifts Standard, which eliminates the distribution of corporate gifts to reduce the environmental impact of their production, distribution and disposal. Instead, these funds are redirected towards charitable donations, reinforcing our commitment to social responsibility.



OPERATIONAL CARBON FOOTPRINT

This KPI is limited to offices with over 50 employees⁽¹²⁾ across three emission streams—energy, business travel and car fleet—and is narrower in scope than our full GHG emissions measurement conducted with ClimateSeed.

Target



26% reduction in operational carbon footprint from 2019 levels by 2025⁽¹³⁾ (2019 baseline of 9,366 tCO₂e)⁽¹⁴⁾

At the end of 2023



33% reduction from 2019 levels, to 6,238 tCO₂e in 2023⁽¹⁵⁾

(12) Office locations are subject to change: these variations can be attributed to a range of factors, including changes in our organisational structure, workforce dynamics, and office locations. As a result, the emissions profile and progress against our 2025 targets are influenced not only by our emission reduction efforts but also by changes in the composition of our office network.

(13) This reduction target is calculated as a weighted average of our emissions reduction targets for each stream. Using 2019 levels as our baseline, by 2025 we aim to reduce business travel emissions by 25%, energy use emissions by 36%, and car fleet emissions by 15%.

(14) The 2019 baseline was previously calculated as 8,493 tCO₂e. It has been recalculated to 9,366 tCO₂e using an improved methodology and revised coverage.

(15) However, our operational carbon footprint increased by 77% since 2022. This year-over-year increase is largely due to business travel returning to pre-COVID-19 pandemic levels, particularly flights to and from Asia.





II. Channelling capital



€40bn
in green*
investments

*Green investments include green bonds, real assets (green buildings and green infrastructure), and green thematic equities



67%
increase
since 2020

All figures as of 31 December 2023

AXA IM's role as a **responsible investor** goes beyond decarbonising its portfolio—it also involves actively making a **positive impact** by consciously channelling capital.

We channel capital towards investments that meet our rigorous sustainability criteria, across real assets, bonds, equity, ETFs and impact investing.

These investments include strategies that promote **environmental** or **social** characteristics, as well as strategies focused on **sustainability outcomes, alongside financial ones.**

Respectively, these strategies fall under the European Union's Sustainable Finance Disclosure Regulation's (SFDR) Articles 8 and 9.

Several of AXA IM's strategies have been awarded sustainability-related labels, such as **Greenfin** in France, **Towards Sustainability** in Belgium and **FNG-Siegel** in German-speaking markets.

Sustainable and ACT strategies

With our ACT range of strategies, we invest with a purpose: to support the transition to a more sustainable economy.

In listed markets, our ACT range is designed to help clients target specific ESG goals around issues such as climate change and inequality while continuing to adopt a reinforced approach to sustainability risks and good governance practices. The range spans across equity, fixed income, multi asset and exchange-traded funds (ETF). At the end of 2023, it represented €28 billion of our green investments.

The ACT range goes beyond merely complying with ESG criteria. For some strategies, investment decisions are directly driven by sustainability priorities, targeting one or more specific ESG objectives or UN SDGs. Additionally, our Impact strategies within this range are designed to create intentional, positive, measurable and sustainable impacts on society and the environment.

Fixed income

Bonds represent the majority of our AUM across the ACT range. AXA IM has developed a rigorous, proprietary framework for assessing Green, Social and Sustainability Bonds (GSSB) based on four key pillars: the issuer's ESG strategy, management of proceeds, project types and impact reporting. Additionally, we evaluate these bonds' contribution to and alignment with the UN SDGs. This thorough assessment ensures that we finance only the most relevant and impactful projects.



4 principles at the foundation of our ACT range



Sustainable investment objectives and targeted outcomes



Qualitative and quantitative research underpin our approach



A win-win model: attractive financial return and measurable, positive impact



Robust voting and engagement policies

CASE STUDY

Investing in social progress



The strategy invests into listed companies across four key social themes: Social Inclusion, Healthcare Solutions, Safety & Security and Empowerment. We seek to select companies that can demonstrably create societal value to address unmet social needs across developed and emerging regions.

Every company in our portfolio demonstrates a positive contribution towards at least one of the 10 targeted social UN SDGs.

For example, to promote **Empowerment**, we look for companies that widen access to education and to products and services which enable a healthy lifestyle. In addition, under this theme, we look for companies that support small business owners, the self-employed, and people balancing work and family commitments.

One of the thematic strategies within our ACT range is **Social Progress**. This strategy aims to deliver long-term financial returns while investing in companies that create a positive and measurable impact on society. It focuses on supporting all individuals, regardless of background, in leading healthy and fulfilling lives.



Real assets

Real assets represented €89.8 billion AUM at the end of 2023. These include real estate equity, green infrastructure and forestry.

Real estate

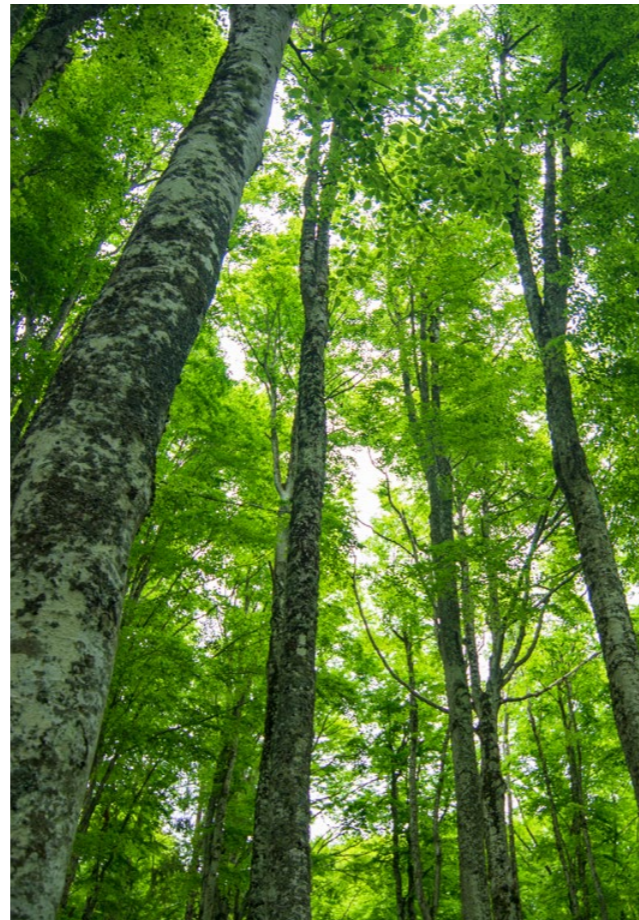
Alongside investing in assets that need improvement, we also actively invest in projects with sustainability at their core. We invest in both real estate equity and commercial real estate (CRE) debt, aiming to enhance the value of our assets through active management. Our approach focuses on expanding access to green energy and collaborating with tenants and partners to elevate sustainability performance. In our developments, we prioritise the use of recyclable, eco-friendly materials such as wood and wood fibre, reducing reliance on concrete and steel, and thereby lessening our environmental impact.

In 2023, we began construction of an urban residential regeneration scheme in Milan's San Siro neighbourhood. It will include 30,000 sqm of apartments—half dedicated to affordable housing—and a new 10,000 sqm park. With apartments powered entirely by renewable energy sources, the site will also feature electric vehicle charging points. The project is targeting EPC Class A energy certification. Furthermore, AXA IM will improve local biodiversity by planting over 100 new trees and preserving three historic plane trees onsite.



66%

of real estate AUM achieved green building certification, of which 38% rated 'Very Good' or higher



Forestry

Our sustainable forestry investments aim to foster biodiversity and ensure long-term sustainable management. 100% of our forestry assets are eco-certified, through either the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). We prioritise increasing the average carbon stock in working forests, thereby sequestering carbon dioxide.



Around **85,000** hectares of eco-certified forestry assets



Green infrastructure

AXA IM invests in both infrastructure debt and equity aligned with the Climate Bonds Initiative taxonomy. We invest in sectors that contribute to creating a low-carbon future, while meeting the long-term needs of communities.

One such sector is energy & utilities, where we prioritise creating renewable energy capacity. Among these assets are smart grids as well as wind and solar farms. Following our 2022 investment in the world's largest offshore wind farm, Ørsted's Hornsea 2 in the UK, we continued investing in this sector in 2023.

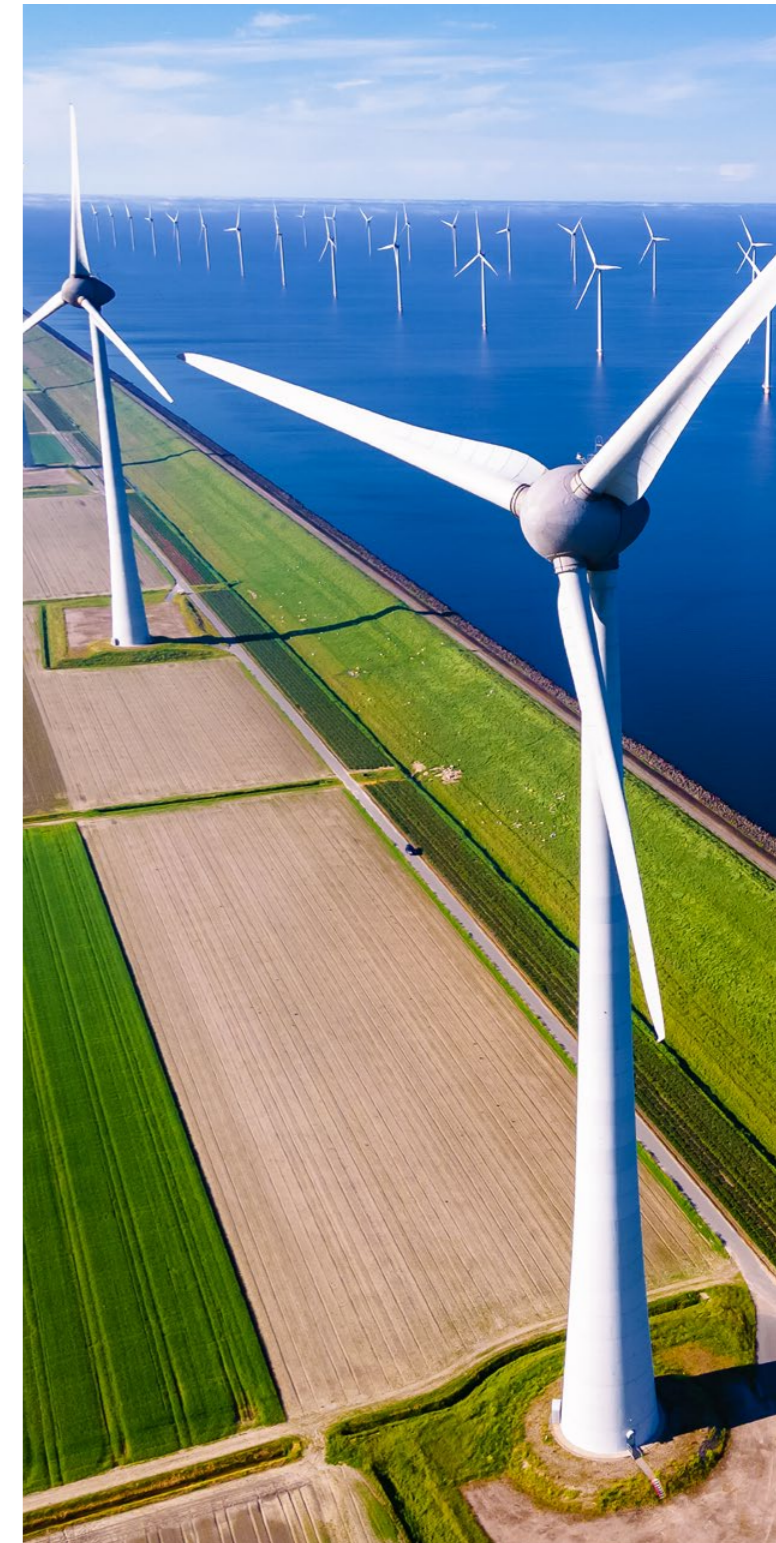
Notably, we acquired a 25% stake in Iberian renewables platform Finerge. Our investment will support the producer's growth as it seeks to further expand its development, construction and operation of wind farms and solar photovoltaic plants in Portugal and Spain. This transaction brings the total operating capacity of our renewable energy investments to around 3.3 gigawatts (GW).

Another sector focus is transportation. We support the electrification of essential transport systems, for example by investing in electric vehicle charging networks.



100+

loans made to infrastructure projects



Impact investing in private markets

Impact investing aims to create positive environmental and social impact, while also delivering competitive financial returns. AXA IM has pioneered this type of investment since 2013.

Through our private market approach, we identify societal challenges, invest in real-world solutions and measure the effectiveness of the capital we deploy. We target large-scale issues with significant funding gaps, employing long-term capital with investment horizons of over 10 years. To maximize agility and impact, we deploy capital through alternative assets, including private equity, venture capital, private debt and project finance.

Our strategies

Through our four impact investing strategies, we invest in projects where the financial outcomes and the stated environmental or social impact objectives are linked:

CLIMATE SOLUTIONS

These investments focus on combatting, mitigating and adapting to climate change. In particular, they provide decarbonisation solutions to reduce reliance on fossil fuels.

NATURAL CAPITAL

To protect biodiversity and address climate change, this strategy supports forest conservation, tree planting, sustainable forest management, improved agriculture and wetland restoration.

GLOBAL HEALTH

We invest in innovative medical devices, pharmaceuticals, vaccines and diagnostics, with the aim of improving access to quality healthcare.

FINANCIAL INCLUSION

This strategy aims to bridge the gap between formal financial systems and excluded individuals and businesses. We invest in payment and transfer services, credit, savings and insurance products for underserved populations.

 **LEARN MORE**
READ THE IMPACT INVESTING REPORT 

Generating real results

Through impact investing, our objective is to generate demonstrable environmental and social benefits. Since we launched this strategy, the projects and companies we have backed have accomplished the following positive impacts.



Environment



109.9m

tonnes of CO₂e emissions avoided

AXA IM share: **15.8m**



2.2m

tonnes of waste avoided

AXA IM share: **258k**



35.1m

households provided with clean energy

AXA IM share: **9.2m**



104k

hectares of land under sustainable management

AXA IM share: **63.3k**

These are based on aggregate results as disclosed by investees since the launch of our strategy in 2013. We have reported aggregate impact numbers as disclosed by investees and our 'share' of the impact results based on our capital contributions. This share is illustrated above by the tag "AXA IM share". Data contained in case studies is sourced from each individual organisation/project. Data correct as of April 2024. Past performance is not a guide to future performance.

Information/figures are given for informational purposes only and may evolve. Expected impact returns are not guaranteed and are subject to change.



Social

2.4k

healthcare facilities developed in underserved locations

15

healthcare solutions developed

198m

healthcare solutions distributed

AXA IM share: **19.8m**

5.2m

lives improved/saved by healthcare solutions

AXA IM share: **269k**

150m

people empowered through financial inclusion

AXA IM share: **13.5m**

5.6m

students reached

AXA IM share: **598k**

Focus on our Natural Capital strategy

Beyond their critical role in climate mitigation and adaptation, forests are essential for water supply, biodiversity conservation and community livelihoods. Their destruction—through deforestation and land degradation—is responsible for around 20% of GHG emissions and has devastating consequences on climate change and biodiversity. Our Natural Capital strategy was developed to address these concerns.

We allocate capital to companies and projects that conserve, protect and restore natural capital—forests—preserving nature’s ability to act as a climate solution and safeguarding high-value habitats necessary for biodiversity. Our investments focus on:

- Financing the protection of key ecosystems like forests, peatlands and mangroves
- Implementing sustainable land use programmes that prevent encroachment into protected areas while improving livelihoods for local communities
- Contributing to climate change mitigation through the issuance of emissions reduction and ecosystem services credits, allowing landowners to monetise the environmental and social benefits of their forests

Through our Natural Capital strategy, we invest in the following companies and projects.

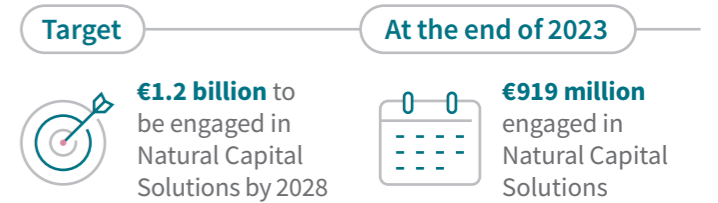


References to league tables and awards are not an indicator of future performance or places in league tables or awards and should not be construed as an endorsement of any AXA IM company or their products or services.



NATURAL CAPITAL SOLUTIONS

The scope encompasses investments in forestry as well as a dedicated Natural Capital strategy.



CASE STUDY

Reforestation the Brazilian Amazon rainforest

Through our Natural Capital strategy, we have invested in **Mombak**, a native species carbon removal startup working to reforest the Brazilian Amazon.

The Amazon rainforest is experiencing deforestation of around 1 million hectares per year due to cattle farming and the production of agricultural commodities. This results in high GHG emissions and the destruction of homes, habitats and food sources.

In 2023, we committed \$49 million to invest directly into Mombak reforestation projects and took a minority equity stake in the company. Our investment supports Mombak’s goal to reforest over 10,000 hectares of degraded pastureland, through a combination of native tree plantations and assisted natural regeneration. The startup also provides technology, knowledge and supply chain access to landowners seeking to reforest land.



“By replanting native species, Mombak contributes to the creation of biodiverse plantations that benefit local populations,” says Alexandre Martin-Min, Head of Natural Capital and Impact Investments, AXA IM Alts.

Another key outcome is the generation of up to 6 million high-quality carbon credits. Since the trees are planted for conservation, there will be

no income from harvesting them or selling the land. Instead, the project will generate income through selling credits from the carbon these plantations store.

“Mombak has already secured agreements with companies like Microsoft for future carbon credit sales, attesting to the project’s high quality and integrity,” continues Alexandre.

III. Engagement



14%

increase in
**engagement with
investee companies**
in 2023*



€1.1m

AXA IM's total **charitable
donations** in 2023

*Number of engagement meetings compared with 2022

Financing the transition to a more sustainable world is a collective effort. AXA IM strives to **engage with a variety of stakeholders** to drive change.

As an investor, we seek to influence the companies we invest in to prioritise **environmental, social and governance** (ESG) objectives.

As an employer, we aim to foster an **inclusive environment** for our people to grow their potential and contribute to our sustainability commitments.

And as a business, we encourage our suppliers to implement **responsible practices**, and we participate in building sustainable communities through **philanthropy** and volunteering.

Engagement with investee companies

We have an opportunity to use our influence to drive broader change, by guiding companies on their transition to a sustainable future.

At AXA IM, we view investor engagement as a dynamic process for driving change. Our goal is to enhance the sustainability practices of investee companies with clear, outcome-oriented objectives. Additionally, through engagement, we deepen our understanding of the sustainability-related risk profiles of our investments, aligning them more closely with our long-term goals.

Voting is an important part of our role as an active shareholder. Ahead of the 2024 voting season, we updated our Corporate Governance & Voting Policy. Going forward, we will vote by stricter standards on climate lobbying transparency and pay fairness.

Engagements in 2023

In 2023, AXA IM conducted 681 engagements with 503 entities around the world, representing a 14% increase from 2022. Additionally, we used more escalation techniques in 2023 than before. These included vote escalation, collaborative engagement and joining forces with other investors.



Our engagement with investee companies in 2023

681
engagements conducted with 503 entities

69%
of engagements linked to UN SDGs

4,856
shareholder meetings attended

54,782
proposals voted on by AXA IM

15.08%
of all resolutions opposed

62%
of meetings saw AXA IM voting against management at least once

All figures as of 31 December 2023

Climate change

Climate change remained our main theme of engagement, representing 37% of our engagements in 2023. We focused our efforts where materiality is greatest: energy, banks—through their lending policies—and the building materials industry.

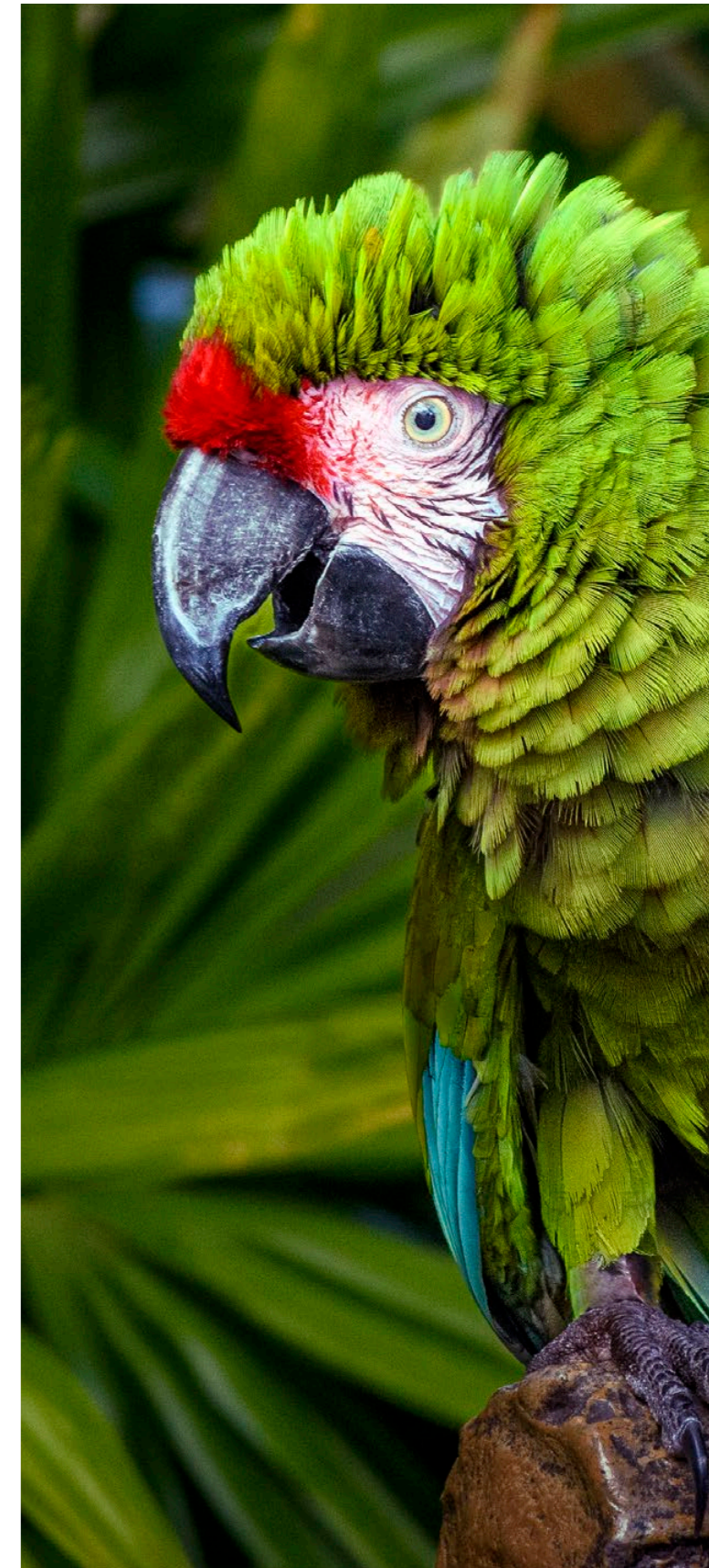
In 2023, we continued to pursue our ‘climate laggards’ engagement initiative announced in 2021 and initiated in 2022. We held at least one meeting with each of the companies identified as laggards, and overall, we were pleased to see progress on many fronts: companies set new formal net zero ambitions; many improved their targets, policies and reporting; and banks are gradually rolling out dedicated policies for the most material sectors.

For example, we engaged with a US building materials company to strengthen its climate ambition. Noticing it was trailing behind peers, we held meetings with its entire C-suite in 2022 and 2023. As a result, we were pleased to see significant enhancements in the company’s climate strategy, including setting a net zero Scope 1 target for its entire operations, improving intermediary targets and enhancing TCFD disclosures.

Biodiversity protection

AXA IM also actively engaged with companies on biodiversity pressures including deforestation, GHG emissions, pollution, resource overexploitation and invasive species. We focused our efforts in 2023 on the food, consumer products and chemical sectors.

In 2022, we reached out to a Brazilian food processing company to initiate a dialogue on deforestation. After no response, we escalated our approach by voting against the Board’s re-election at the 2023 AGM. This action prompted our first dialogue in mid-2023, during which we reviewed the company’s strategy to achieve zero deforestation in the Amazon by 2025 and the Cerrado region by 2030. We found their response adequate and their targets feasible, supported by progress in traceability and protocols for tracking non-compliant suppliers.



Corporate governance

In 2023, 17% of AXA IM's total engagements focused on corporate governance. These discussions centred on executive pay, sustainability governance and protecting shareholder rights.

Over the past two years, we have engaged with a Dutch-American music company to address our concerns over high executive salaries. With the CEO's pay valued at approximately €275 million, we believe the company's remuneration practices are misaligned with European standards. In response, we voted against their remuneration report and the re-election of the Remuneration Committee Chair. Looking ahead, we plan to continue our engagements and consider further escalation.

Social

Social themes were also a key focus in 2023. These included human capital management (17% of our engagements), social relations (10%) and public health (1%).

In 2023, we intensified our efforts to promote gender diversity on the boards and management teams of Japanese companies, which typically lag behind other developed markets and the rest of Asia in this area. We distributed a questionnaire focused on gender equity KPIs and followed up with meetings to discuss the responses. This approach allowed us to evaluate the maturity and credibility of companies with advanced diversity, equity and inclusion policies, while raising awareness and encouraging improvement among companies that are falling behind.



ACTIVE EXTERNAL ENGAGEMENT

The scope covers engagement activities conducted during the two previous years, directly by AXA IM or collaboratively through Climate Action 100+.

Target



70% of financed emissions in material sectors to be subject to engagement by 2025

At the end of 2023



68.9% of financed emissions were subject to engagement

In 2023, we conducted 681 engagements with 503 entities around the world, on themes including climate change and biodiversity protection.



Engagement throughout our supply chain

AXA IM primarily purchases services—such as market data, IT, consulting and human resources—as well as operational products like office supplies.

Practising sustainable procurement

Alongside their expertise and the quality of service provided, we select suppliers according to their sustainability commitment, considering their scores on carbon, inclusion and diversity, and overall sustainability from ratings provider EcoVadis. Additionally, we ask all suppliers to maintain a valid EcoVadis rating. In 2023, 94% of our procurement spend was covered by an EcoVadis or S&P Global assessment, with over half of our suppliers earning 'Leader' or 'Advanced' ratings for carbon performance. AXA IM also includes a sustainability clause in every supplier contract, in compliance with AXA Group's Sustainable Procurement Guidelines.

Upholding human rights

By signing AXA IM's contractual sustainability clause, our suppliers commit to ensuring that they and their own suppliers are not involved in child or forced labour instances. AXA IM is dedicated to upholding international human rights principles throughout its value chain, guided by policies such as the United Nations Universal Declaration of Human Rights and the Global Compact. This commitment is further reinforced by the AXA Group's Human Rights Policy and AXA IM's Code of Conduct and Ethics.

Reducing emissions

Our Scope 3 CO₂e emissions, resulting from activities across our value chain, are our largest source of emissions. We have identified our 100 highest-emitting suppliers, with the help of our partner ClimateSeed. Later in 2024, we will launch our supply chain sustainability programme. It aims at engaging with our suppliers to improve the accuracy and granularity of their emissions data, and support them in developing their own emissions reduction strategies.



Engagement with our employees

At AXA IM, we strive to provide our employees with the support they need to grow their potential and thrive within a diverse community.

Inclusion and diversity have been on our strategic agenda for many years. As an employer, building an inclusive culture lies at the heart of our priorities. It is part of our Employer Promise to create an environment where everyone feels they belong, are included and can thrive within a diverse community. Our global diversity and inclusion policy summarises our commitment and areas of focus.

In 2023, we have taken meaningful steps to create a more diverse and inclusive workplace, both internally and externally. For instance, AXA IM became a founding member of the **Diversity Project Europe**, a cross-border initiative to encourage a more inclusive money management industry. We also launched a partnership with **Investment20/20** to recruit from a diverse pool of graduates, school and college leavers that are reflective of the people and communities we serve.

77 nationalities represented across the company

36% of global senior leadership positions held by women

Furthermore, AXA IM has launched employee resource groups sponsored by management board members and partnered with external parties to make progress on gender, ethnicity, social mobility, age, disability and sexual orientation. These include:

GENDER EQUALITY NETWORK (GEN)

Seeks to accelerate gender equality and encourage a culture of inclusion

GENERATION

Fosters intergenerational collaboration and facilitates knowledge exchange

AXCESS

Ensures talented individuals from all socioeconomic backgrounds are nurtured to meet their true potential

I AM PROUD

Engages LGBT+ employees and allies to create an environment where everyone feels comfortable bringing their whole self to work

MOSAIC

Highlights the value of a multicultural environment and promotes inclusion of underrepresented ethnicities

[LEARN MORE POLICY](#)

Promoting learning and development

At AXA IM, we cultivate a deep culture of learning, encouraging all employees to take charge of their personal and professional growth from the moment they join us.

Sustainability training and engagement

In 2023, we added a new ESG development goal to each employee's annual objectives, with the ambition of powering our ESG strategy through learning. To achieve it, employees can participate in a variety of learning initiatives according to their needs and interests.

Notably, our Group-wide AXA Climate Academy offers general and role-specific climate change training. Over several hours, team members learn about how climate change affects our value chain and how they can contribute to reducing our environmental impact.

AXA IM also offers live training sessions on ESG issues delivered by specialists. In early 2023, we launched a real estate ESG training. Since its launch, more than 320 employees have completed this three-hour training on the evolving ESG agenda in real estate investment. In addition, we offer access to external ESG certifications and upskilling, through our AXA IM ESG Academy.



ACTIVE INTERNAL ENGAGEMENT

The scope includes all active permanent employees (excluding joint ventures) as of 31 December 2023.

Target



At least **70% of employees** to attend additional ESG and sustainability awareness sessions in 2023 (beyond the AXA Climate Academy programme, already completed by 100% of employees)

At the end of 2023



77% of employees attended additional awareness sessions

Looking ahead, we are expanding our educational offerings by developing new content in collaboration with our external partners, ClimateSeed and ClimatePartner. In addition to the new material, we are curating existing resources to create a comprehensive and accessible learning environment.

We have also introduced 'Sustainability Talks', a series of educational events focusing on specific ESG topics. These talks provide our employees with the opportunity to engage with subject matter experts, deepen their understanding of key issues and discuss how these insights can be applied in their roles.



[LEARN MORE VIDEO](#)



Engagement with communities

Our commitments to ‘invest for what matters’ and contribute to the communities we serve are reflected in our impact philanthropy and volunteering programmes.

Impact philanthropy

AXA IM donates 5% of the fees from selected Impact strategies to support charities. In 2023, this equated to donations of over €700,000.

We focus our philanthropy efforts on topics where we have strong expertise as a responsible investor: climate change, biodiversity, education and health. The projects we support are measured against tangible outcomes and goals. Since we believe that meaningful change takes time and resources, we pledge long-term commitments to charities.

In 2023, we supported five organisations through our impact philanthropy programme: Access to Medicine Foundation, Doctors with Africa CUAMM, Epic Foundation, Ligue pour la Protection des Oiseaux and World Land Trust.

Volunteering

Volunteering with local charities enables our employees to engage with communities first-hand.

Through our Group-wide programme AXA Hearts in Action, many of our employees regularly dedicate time and expertise to projects with a positive societal impact. This includes a number of school outreach programmes, where we support young people to develop financial literacy and understand the value of savings.

Our employees also support environmental causes. For instance, in an AXA IM onboarding event in 2023, new employee volunteers went ‘plastic fishing,’ removing plastic rubbish from the London Docklands waterways with environmental charity Hubbub.

AXA IM’s new volunteering leave policy, piloted in the UK in 2023, is soon to be extended to other global offices. Under the policy, each employee can take up to two days off work per year to volunteer at a registered charity of their choice.

CASE STUDY

Facilitating births in rural areas

We support **Doctors with Africa CUAMM**, a non-governmental organisation (NGO) dedicated to improving health in vulnerable sub-Saharan African communities.

Our contribution funds a project at the Chiulo Hospital in Angola’s Ombadja Municipality. There, most of the population lives in rural areas with limited access to health services. At the hospital, Doctors with Africa CUAMM provides maternal, neonatal and child healthcare, particularly for the



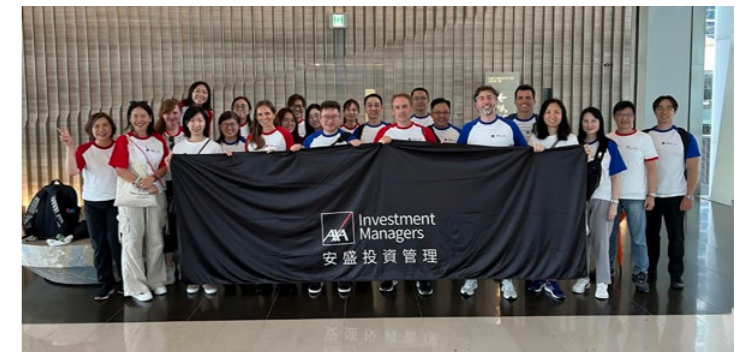
district’s most vulnerable women and households. Additionally, the NGO works to combat malnutrition in the hospital and through field interventions.

In 2023 at Chiulo Hospital, Doctors with Africa CUAMM carried out 6,377 prenatal visits, facilitated over 2,000 births and cared for 279 pregnant women in the malnutrition unit.

CASE STUDY

AXA Week for Good

Every year, the AXA Group organises one full week dedicated to sustainability, with employees coming together Group-wide to volunteer. In 2023, AXA Week for Good’s theme was empowering women. Activities ranged from creating menstrual hygiene kits for vulnerable women to taking part in self-defence lessons and street harassment awareness trainings. AXA IM employees carried out over 792 volunteering actions during the 2023 edition, up 148% from 2022. They gave a total of 413 hours of their time.



CASE STUDY

AXA IM Research Award

As a leading responsible asset manager, we are committed to going beyond what’s expected. This includes empowering researchers and the scientific community through grants, awards or donations.

The AXA IM Research Award recognises the key role research has to play in enabling a just and green transition. The winner of the 2023 edition, focused on the social dimensions of climate change, was Dr Anika Haque. Her research studies its impacts on urban and disadvantaged populations in the Global South.



Aligning with leading standards, norms and initiatives

AXA IM’s ambition to lead in responsible investment is reinforced by our commitment to adhering to leading industry methodologies and norms.

Measurement

We believe that proper management of environmental, social and governance (ESG) issues is critical to the long-term sustainability of companies and industries. For this reason, active consideration, integration and stewardship of these issues are fundamental to our investment process.

AXA IM has developed proprietary ESG scoring methodologies. They help our portfolio managers integrate ESG considerations in their investment decisions, by assessing the performance of assets on these issues.

We regularly update our scoring methodologies to take into account changes in the availability of data⁽¹⁶⁾ or methodologies used by issuers or from frameworks to disclose ESG-related information.

We have also developed methodologies for measuring the carbon and biodiversity footprints of our investments across various asset classes.

Policy

In recent years, major sustainable finance policies have emerged in our operating regions, notably the EU Sustainable Finance Disclosure Regulation and the EU Taxonomy. These regulations impact disclosure and product design, with further changes expected as similar legislation in other regions and the EU Corporate Sustainability Reporting Directive (CSRD) come into effect.

⁽¹⁶⁾ Our ESG scoring methodologies rely on heterogeneous data, in the absence of global, mandatory sustainability reporting standards. They are also largely based on historical data, which may not be complete, accurate, or fully reflect the future performance or risks of the investments.



While these regulations pose implementation and usability challenges, AXA IM believes they will ultimately facilitate capital allocation towards decarbonisation and innovative sustainable solutions. We acknowledge the difficulties investors have in interpreting these regulations and advocate for clearer guidance. We also believe that, to effectively foster a real transition to sustainable practices, this legislation should be accompanied by the appropriate real economy policies.



AXA IM seeks to comply with and adhere to various principles, standards, norms and codes. These govern our policies, practices and reporting. We also actively work with other industry leaders to advocate for and establish best practices, and support and participate in a number of sustainability initiatives and groups.



We aim to align with international standards, including the following:



Our investment process takes into account the United Nations’ Sustainable Development Goals (SDGs). We use them as an overarching guide and to assess contributions to the sustainable developments needs of the planet and its people.



As an advocate for effective interoperability between global sustainability standards, AXA IM supports the work of the International Sustainability Standards Board (ISSB). From 2017 through 2023, we followed the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which have now been transferred to the ISSB.



In 2023, we joined a variety of new investor initiatives, such as the below:



The FAIRR initiative facilitates collaborative investor engagements with companies in the global food sector. Engagement themes include some of the most material issues linked to intensive animal production, such as labour risk, protein diversification and supply chain resilience.



The Impact Disclosure Taskforce was established to promote transparency and accountability among corporates and sovereigns regarding their intentions and progress towards advancing the UN SDGs.



Launched at COP26, Finance Sector Deforestation Action (FSDA) brings together 36 financial institutions. Members are working towards eliminating agricultural commodity-driven deforestation risks in their investment and lending portfolios by 2025.

Further reading

Our reporting ecosystem

Our convictions drive our investment approach. We strive to communicate them transparently to our clients, and share our insights and expertise with the aim of leading change in our sector and in the wider world.



Stewardship Report
— 2023 —



TCFD /
Article 29 Report
— 2023 —

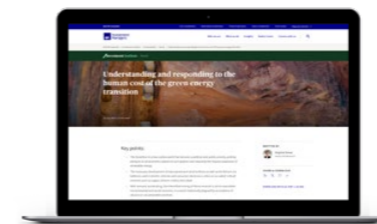


Impact Investing –
Private Markets Annual Review
— 2023 —

To access all of our sustainability policies and reports, visit:
<https://www.axa-im.com/our-policies-and-reports>

Thought leadership at AXA IM

In 2022, we launched the AXA IM Investment Institute to deliver in-depth research, insights and investment ideas to our clients. This thought leadership platform brings together experts from research, responsible investment and investment teams to analyse global trends such as climate change, biodiversity and gender diversity. Insights gained from this research enhance decision-making and inform adjustments to our stewardship and exclusion strategies. In 2023, we published a variety of insights from our experts, including the following.



Understanding and responding to the human cost of the green energy transition

Virginie Derue
Head of RI Research



Biofuels and the energy transition: green sprouts or biowashing

Olivier Eugène
Head of Climate Research



Four critical elements for asset managers to meet the biodiversity challenge

Chris Iggo
Chair of the AXA IM Investment Institute and CIO of AXA IM Core



AGM season 2023: New challenges highlight the achievements of responsible investors

Constance Caillet
Senior Corporate Governance and Stewardship Analyst

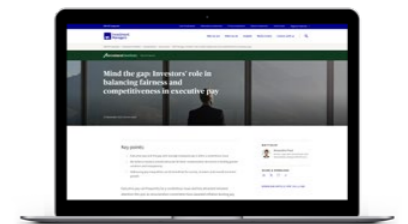
Héloïse Courault
Senior Corporate Governance and Stewardship Analyst

Alexandre Prost
Senior Corporate Governance and Stewardship Analyst



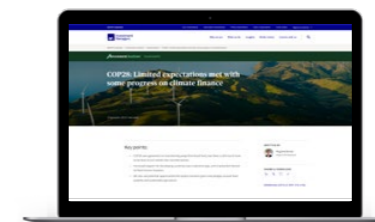
Sustainability challenges facing the chemical industry: What investors need to know

Mariana Villanueva
ESG Analyst



Mind the gap: Investors' role in balancing fairness and competitiveness in executive pay

Alexandre Prost
Senior Corporate Governance and Stewardship Analyst



COP28: Limited expectations met with some progress on climate finance

Virginie Derue
Head of RI Research

To read more sustainability insights from our teams, visit:
<https://www.axa-im.com/investment-institute#sustainability>

Glossary

AGM: Annual General Meeting

Alternatives (as an asset class): A category of investments that do not fall into traditional asset classes. Examples include private equity, hedge funds, real estate, infrastructure, commodities and private debt.

AUM: Assets under Management

Baseline year: In the context of inventory accounting, a base year refers to a historic datum (a specific year or, in the case of a base period, an average over multiple years) against which a company's emissions are tracked over time

Biodiversity: All the different kinds of living organisms within a given area

Carbon offsetting: Purchasing carbon credits from activities outside of a company's value chain as a substitute for abating emissions within its value chain. A carbon credit is a tradable unit that represents one metric tonne of avoided GHG emissions, reduced GHG emissions or GHG removals.

Climate change adaptation: Adjustments in ecological, social or economic systems in response to actual or expected climatic stimuli and their effects or impacts. Adaptation refers to changes in processes, practices and structures to moderate potential damages or to benefit from opportunities associated with climate change.

Climate change mitigation: A human intervention to reduce emissions or enhance the sinks of GHGs

Decarbonisation: The process by which countries, individuals or other entities aim to achieve zero fossil carbon existence. It typically refers to a reduction of the carbon emissions associated with electricity, industry and transport.

Deforestation: The loss of natural forest as a result of (1) conversion to agriculture or other non-forest land use, (2) conversion to a tree plantation, or (3) severe and sustained degradation

Equity: Investments that represent ownership in a company, offering potential returns through dividends and capital gains. Examples include stocks and shares.

ETF: Exchange-traded fund

Financed emissions: Absolute emissions that banks and investors finance through their loans and investments. Financed emissions can be calculated and disclosed by financial institutions at an asset class level or at portfolio level.

Fixed income: Investments that provide regular, predictable interest payments and return of principal at maturity. Examples include bonds and government securities.

GHG: Greenhouse gas

IPCC: Intergovernmental Panel on Climate Change

Net zero emissions: Net zero emissions are achieved when anthropogenic emissions of GHGs to the atmosphere are balanced by anthropogenic removals over a specified period

OECD: Organisation for Economic Co-operation and Development

Paris agreement: A legally binding international treaty on climate change adopted within the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015. The Paris Agreement commits participating countries to limit global temperature rise to well below 2°C above pre-industrial levels, pursue efforts to limit warming to 1.5°C, adapt to changes already occurring, and regularly increase efforts over time.

SBTi: Science Based Targets initiative

Scope 1 emissions: Direct GHG emissions from operations owned or controlled by the reporting company

Scope 2 emissions: Indirect GHG emissions associated with the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company

Scope 3 emissions: Indirect GHG emissions (other than those covered in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

SFDR: Sustainable Finance Disclosure Regulation

TCFD: Task Force on Climate-related Financial Disclosures



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