July 2020

AXA IM Taskforce for Climate-related Financial Disclosure
Report highlights

This is a compilation of key sections from our longer TCFD report. The highlights reflect our innovations in climate strategy, investment and reporting, as well as our focus on generating positive and measurable impact in private and listed markets.

Click here for the full report.

Introduction

The COVID-19 outbreak has reminded us all just how fragile the world is, but equally it has highlighted the importance of global cooperation. In time the recovery will come, and as it does, we hope the lessons learned will help us drive a unified response to the relentless threat of climate change. It is crucial for investors, asset managers and the entire financial industry to demonstrate transparency – to operate by common standards as we strive towards common goals. This report feeds into that process.

AXA Investment Managers has spent more than 20 years delivering responsible investment solutions for clients. It has become an integral part of our business, guiding and defining our investment approach as we respond to the risks and opportunities presented by environmental, social and governance factors. It is our stated ambition to be one of the world's leading responsible investors – and we will be at the heart of plans by our parent company, AXA Group, to place €24bn in verified green investments by 2023.

We want to be an industry leader in this decade of transition to a low-carbon world. That's why we have played a vigorous role in expanding the Green Bonds market, and why we have pushed our industry to establish Transition Bonds which can put carbon-intensive industries and companies on a new, eco-friendly path. We are working on other innovations too. This report details the encouraging results of our response to a challenge set by the TCFD – to develop a method to measure the temperature impact of portfolios. Our 2020 work in this field reveals that AXA IM's corporate and sovereign assets under management display a "Warming Potential" of 2.8°C, well below the 3.5°c Warming Potential of the benchmarks. In 2020 we continue to work to ensure we can quantify and report on climate impacts in a robust manner, and further incorporate those metrics in investment decisions.

But we need to go further – progress must be constant – and so we have committed to exit all coal investments in OECD countries by the end of this decade, and throughout the rest of the world by 2040. We may well be able to forge a 'green recovery' from the COVID-19 crisis, but that will only translate into a sustainable future through the work of transparent, committed and long-term investors. It is in that spirit that AXA IM has detailed its work in this report, and it is in that spirit that we pledge to enhance and accelerate our leadership in the climate transition.

Gérald Harlin
Executive Chairman
AXA Investment Managers

Climate Strategy

At AXA IM, we are deeply committed to tackling the impact of climate-related risks and as a large investor we have a clear role to play in limiting global warming. We believe it is our duty to provide the relevant expertise to help our clients better understand climate change and how it may impact their portfolios, and then to support them to adapt their investment decisions accordingly.As shareholders, it is also our responsibility to engage with companies to encourage them to not only take better care of the environment, but also to help improve public health and working conditions.

Our climate strategy is aligned with the framework proposed by the Task Force on Climate-related Financial Disclosures, and is evidenced by our active involvement in sectoral and international initiatives such as Climate Action 100+, the Climate Bonds Initiative as well as the newly launched Climate Transition Finance working group of ICMA[1]. In November 2019, AXA Group joined the Net Zero Asset Owner Alliance[2], and AXA IM works closely with its parent company in this collective initiative aimed at defining how investment strategies will support the shift of the economy to a 1.5°c pathway.

Our Climate strategy relies on the following pillars:

Stranded assets risks mitigation

As part of our integration of environmental, social and governance (ESG) factors, we exclude firms which fail to meet certain climate change criteria. Our investment portfolios exclude electric power generating utilities and mining companies that are not credibly demonstrating a commitment to energy transition, as part of our climate risks exclusion policy – its scope was extended to all assets under management (AUM) in 2019.

Active Ownership and Stewardship

Our corporate governance and voting policy provide a robust global framework for encouraging high-quality, responsible leadership. We carefully consider our ESG themes in the context of our voting policy actions, specifically in climate change and gender diversity. We have a clear stewardship approach that frames how we decide whether to support climate-related resolutions:

- Define policy approach and disclose it publicly
- Review company practices, disclosures and commitments: We look at how the company is handling climate issues in terms of governance
- Understand the rationale
- Consider long-term impact and implication

Beyond voting, through our on-going engagement activities, we seek to use our influence as investors to encourage companies to mitigate environmental and social risks relevant to their sectors. Alleviating Climate Change is one of our key focus when leading these activities, and in 2019 climate considerations was an engagement focus with 113 issuers.

Our key climate engagement objectives are shaped by the Taskforce for Climate-related Financial Disclosures (TCFD) framework. In particular, we urge companies to:

- Commit to short-, mid- and long-term carbon emissions reduction targets that are based on climate science. There should be a clear explanation of corresponding capital expenditure plans
- Perform scenario analysis using a scenario where global warming is limited to the Paris Agreement goal of well below 2˚C
- Align executive remuneration to climate change objectives

Integration of Climate risks and opportunities in portfolio management

AXA IM has deep experience in the construction and testing of carbon risk measurement. Since 2018, we have been testing prototype reporting frameworks on new climate indicators covering both corporate and sovereign investments.

Combined with a shareholder engagement strategy through which we actively interact with companies most at risk, our climate exposure assessment capacity is aimed at helping portfolio managers to further integrate climate risks and opportunities into their activities.

In 2020, we will continue improving these techniques and will disseminate these analytical tools across our investment teams, reinforcing our reporting and looking at whether they could be used as targets for selected portfolios. We will also use our new scenario analysis approach to prepare for upcoming regulatory change such as the Disclosures regulation.

AXA IM is also a large investor in green assets, with €17bn invested in Impact bonds and Green Real Assets at end 2019.

[1] Internal Capital Markets Association
[2] https://www.axa.com/en/newsroom/press-releases/axa-launches-a-new-phase-in-its-climate-strategy-to-accelerate-its-contribution-to-a-low-carbon-and-more-resilient-economy

Measuring climate risks and opportunities

AXA IM Climate Dashboard: A combination of historical and forward-looking metrics

	Warning potential [°C]	Carbon footprint	Green Share [%]	Physical cost VaR (Average scenario) %	Transition cost VaR (1.5°C scenario) [%]	Cost of climate VaR (1.5°C scenario) [%]	Technology opportunity VaR (1.5°C scenario) [%]	Opportunity & Cost of Climate VaR (1,5°C scenario) [%]
	2019	2019	2019	2019	2019	2019	2019	2019
AXA IM	2,8	181	14,1	-1,2	-5,1	-6,4	2,5	-3,9
Weighted benchmarks by AUM	3,5	270	9,5	-1,3	-5,4	-6,8	2,1	-4,6
Asset Class								
Governments bonds	2,7	157	26,2					
JPM GBI Global	4,0	239	14,5					
Corporates	2,8	225	4,4	-0,1	-4,3	-4,5	0,1	-4,4
BofAML Global Aggregate Corporate	3,1	305	5,1	-0,2	-3,8	-4,0	0,1	-3,9
Equities	3,0	162	8,4	-3,3	-6,6	-10,2	7,0	-3,2
MSCI World ACWI	3,0	251	7,9	-4,2	-9,5	-13,8	7,3	-6,6

Warming Potential

AXA IM investments are aligned with a temperature rise of 2.8°c above pre-industrial times. This is not yet in alignment with the Paris goals, but significantly below the +3.5°c for the corresponding benchmark and below the projections derived from current national pledges (3°c/3.2°c) and Business as Usual scenarios (i.e. should those pledges not be implemented) in excess of 4°c.

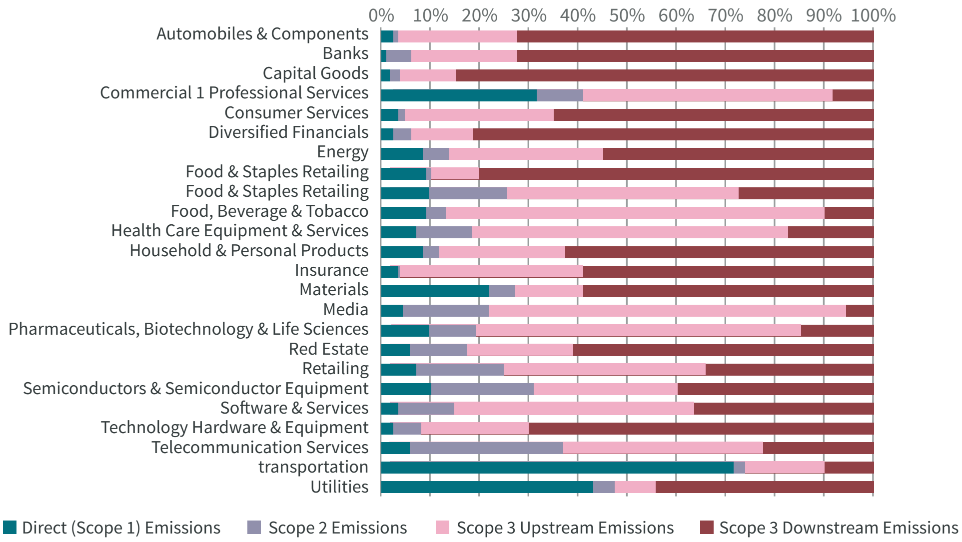
Our fixed income investments have a warming potential which is lower than widely used market indices, helped by significant exposure to French government debt and our strict coal divestment policy. The warming potential of AXA IM's equity investments is in line with corresponding benchmark.

Carbon Footprint

Carbon intensities are measured using direct emissions (Scope 1), emissions from electricity suppliers (Scope 2) and from business travels (Scope 3). The next challenge for carbon performance analysis will be to integrate Scope 3 emissions more broadly, considering emissions from suppliers and from the use of products.

Scope 3 - the "Elephant in the room"

SECTORAL BREAKDOWN OF CARBON EMISSIONS BY SCOPE IN %



Sources: Trucost S&P, AXA IM, 2019

Reporting on Carbon intensity at fund level

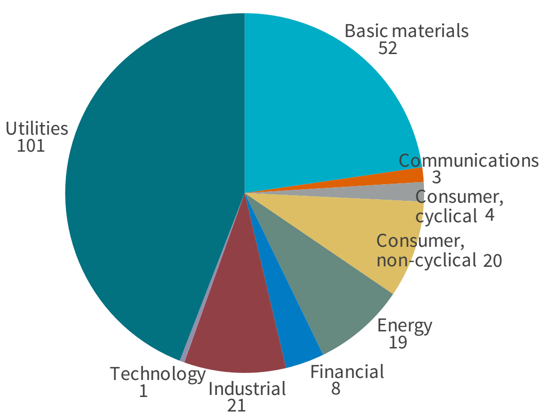
Through our partnership with Trucost S&P, AXA IM has been disclosing the carbon intensity of portfolios in the climate section of the ESG reporting of its responsible investment funds for several years and is incorporating this information in the standard reporting of all portfolios along with the ESG score. The carbon intensity of a portfolio, relative to its benchmark, is analysed by distinguishing between a sector allocation effect and an issuer selection effect.

AXA IM ESG Impact reporting: Climate Change sections

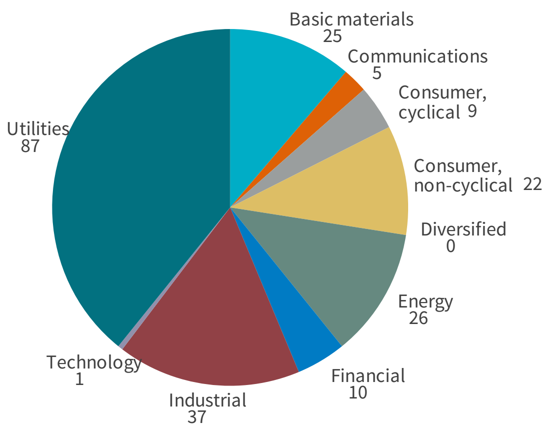
CLIMATE CHANGE

Carbon focus		Portfolio ABC		ICE BofAML EMU Corporate		
		Result	coverage	Result	coverage	Excess
	Carbon Footprint (in CO2 equivalent Tons/ Mns $ revenue)	228	86,47%	222	85,88%	6

Carbon footprint contribution for the fund



Carbon footprint contribution for the benchmark



Sources: Trucost S&P, AXA IM, 2019, asset weighted methodology, the figures are rebased

Green Share

The **'Green Share' of our investment is at 14% end 2019, against 9.5% for corresponding benchmarks.** The green share for listed investments is the value-weighted average share of revenues of issuers in the portfolio. This metric measures the level of greenness of investments with reference to AXA IM's current interpretation of the Green Taxonomy. It will evolve over time as regulatory requirements are clarified.

The green share is split between sovereign investments (26.2%), corporate bonds (4.4%) and equities (8.4%). The green share for corporate bonds is slightly below benchmark, while our equities and sovereign debt holdings are greener than the reference market indices. Sovereign investments are measured by assessing the extent of Low Carbon energy use in a country. Corporate measurements are supported by Trucost S&P.

We also measure the contribution to the energy transition from our pure green investments. These currently stand at €17bn in AUM and are discussed in more detail below.

Climate-related risk assessment: "Cost of climate"

In addition to the warming potential approach, which embodies the impact that our investments may have on the climate, climate risk analysis can also be undertaken from a business / investment risk perspective to assess how climate change may impact investment returns. To estimate this, we leverage a model developed by Carbon Delta based on the following three pillars:

- **Transition (or "regulation") risk costs:** The low carbon transition, both via market and regulated evolutions, may significantly impact business models. This will likely create economic losses in the form of "regulation costs" for those who fail to adequately adapt. Transition risks for each company represent how much a reduction of their CO_2 emissions by 2030 (the NDC horizon) will cost them, relying notably on their sector/activities and on the countries where they operate. It is expressed as a proportion of revenues negatively affected by this cost.

- **Physical costs:** for each company, we identify how much potential future extreme weather events (5 "chronic" hazards - extreme heat, extreme cold, heavy precipitation, heavy snowfall, wind gust – and 2 "acute" hazards - coastal flooding and tropical cyclones) by 2030 will cost them (via asset damages and business interruption), relying on their activities and location, and combined with expected vulnerability factors. This is also expressed as a proportion of revenues negatively affected by this "cost".

- **Green revenues:** for each company, we identify how much revenues future green technologies developments by 2030 will generate for the company, using company-level patent databases to estimate future revenue flows from green and low carbon technologies. While certainly not the only factor to be considered to estimate future green revenues, a statistically relevant correlation has been established between green patents and green revenues. This third KPI is expressed as a proportion of revenues positively impacted by these revenues.

Costs and opportunities are then combined and translated into a "Company cost of climate" indicator. Our exploratory analysis also shows that, on aggregate, when using a 1.5°C scenario, we may observe a 5.1% of reduction in AXA IM's investment value in transition costs, and 1.2% of reduction in investment value due to physical costs. These costs are partly offset by green revenues equivalent to a 2.5% increase in investment value, thanks to integration of current green revenues and the results derived from forward-looking green patent investments.

Ultimately, and according to this methodology, the net "Company Cost of Climate" appears to be equivalent to an average - 3.9% reduction in AXA IM's investment value. However, this averaged figure necessarily smoothes out heterogenous impacts amongst market players: some will likely be far more impacted than others. Although currently we do not leverage this complex and evolving KPI in its day to day investment decisions, this metric provides an insightful of the possible climate-related financial risks that may be incurred by investors should its underlying assumptions be suddenly realized.

Charting the energy transition

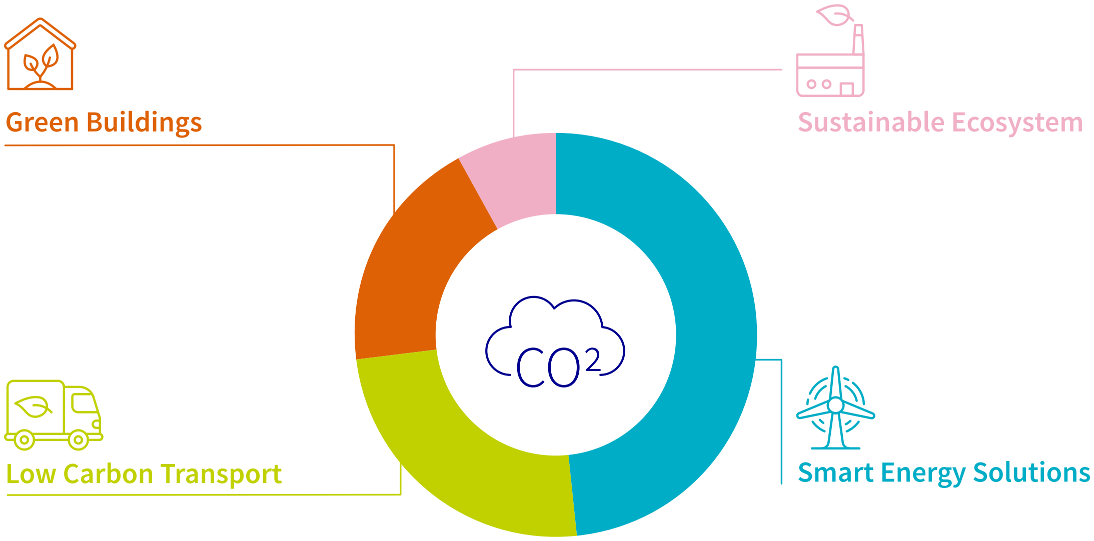
Existing tools and solutions to measure the greenness of investments are currently still "in the works", and portfolio managers need complementary tools and information to ensure they can support the Transition to a 1.5°c world.

Developing new tools to measure greenness of investments

There is sustained pressure for our industry to develop new tools and solutions to measure the 'greenness' of investments. While they currently focus on core green activities (notably renewables) investors will need to capture other shades of green, such as enabling activities and activities in transition.

AXA IM has proposed an approach to identify green assets, with four different categories of green activities defined for investment and reporting purposes – and we will continue to enhance our approach as input from the EU and the wider industry is collected.

AXA IM internal green taxonomy: a grid to measure greenness of investments across listed green assets



Source: AXA IM, 2019

Routes to Paris Agreement alignment

The concept of temperature is powerful because it is immediately understood – it is one reason the Paris Agreement target to keep global temperature rises to within 1.5°c of pre-industrial times has gained so much traction. However, challenges remain in calculating how our investments will align with that target.

Temperature methodologies require comparability and reliability of estimates, especially carbon data, but corporate disclosures on carbon emissions, business mix, operations and capex – needed to compute the alignment – are not currently sufficient. The choices made by providers to estimate missing data from companies are also often complex and not easy to access or understand.

As a result, investors still need to consider other metrics and methods of assessment. Developing a more holistic measure of alignment will support dialogue and further disclosure from companies over time.

AXA IM has drafted guidelines that a portfolio would have to embrace to best contribute to the Paris Goals. These Alignment Investment Principles are aimed at helping portfolio managers to achieve the ambitious goal of supporting the transition to a +1.5°c world through their investments.

These principles break down the investment universe into three categories of companies, depending on their level of alignment with the Paris Goals and on their overall 'greenness'.

1. **Carbon industry leaders:** companies which are the best carbon performers in industries with the most impact on climate

2. **Green leaders**: core green companies that are already low carbon and which are contributing fully to the energy transition

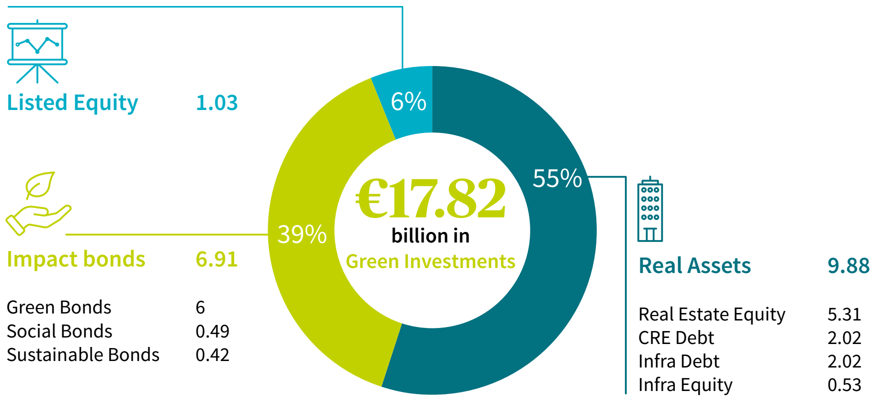
3. **Transition leaders**: companies in transition to a Paris-aligned trajectory

Alignment and greenness are measured by combining historical and forward-looking, scientifically based metrics. They also encompass a qualitative assessment of the company's ability to transition and meet its targets which can be supported by active engagement and dialogue.

In 2020, we will continue to work on this concept and see how it can be further integrated by portfolio managers when making investment decisions.

Focus on Green Assets

AXA IM has been an active investor in green bonds, green buildings and green infrastructure and is playing a key role in implementing the €24bn 2025 Green Investment initiative, announced by AXA Group in November 2019. The breakdown of these investments is available below.



Source: AXA IM as of 31/12/2019
For illustrative purpose only. These are internal guidelines which are subject to change without notice.
NB: the Listed Equity figure comprises the two "green" equity funds managed by AXA IM. Refer to the section on green share for a more detailed assessment of the greenness of our investments

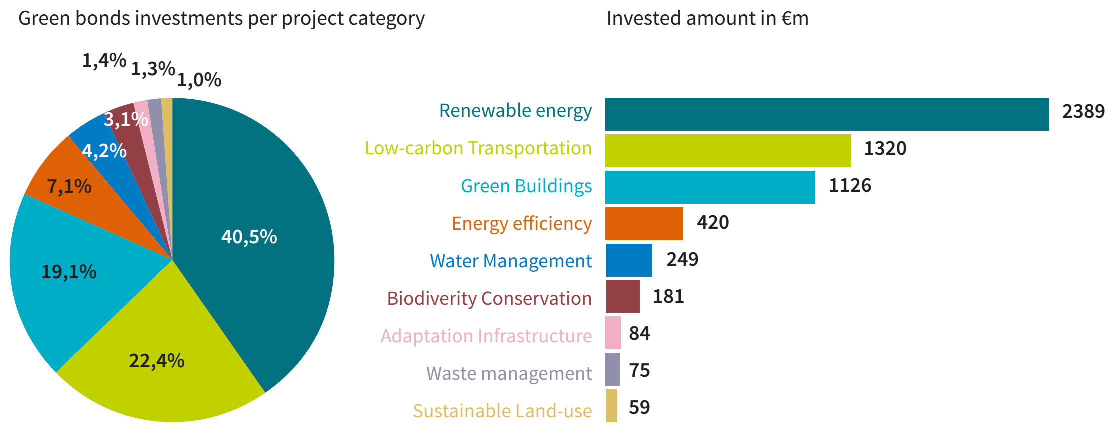
Green Bonds

AXA IM has defined a proprietary green bonds framework, relying on industry best practices. Our internal RI team defines the Green eligible universe mainly based on the Green Bond Principles and the "Climate Bonds Initiative" guidelines. The RI team filters out those bonds which are not in line with our internal requirements.

Our green bonds filtering is implemented at two levels:

- by excluding issuers which are not in line with our minimum standards
- at the security selection level by selecting transparent and impactful green bonds looking at ESG quality and sustainability strategy, greenness of the projects, managements of proceeds and reporting capabilities.

At end-2019, AXA IM managed about €6bn of green bonds, an increase of €2.6bn vs 2018. €3.85bn of these investments were made on behalf of AXA Group.



Source: AXA IM, as of December 2019

Some examples of Green Bonds investments include:

Société du Grand Paris

Issuer's sustainability strategy

The issuer's sole public mandate is to build a new automated metro network (the Grand Paris Express) and to contribute to the modernisation of the existing transport network within the Greater Paris area. We consider this low carbon transportation mandate aligns with climate change mitigation and other social objectives.

Eligible Projects

The proceeds exclusively finance a new automated metro network: 200km of new lines, 68 stations and 7 technical centers. The whole project enter in the low-carbon transportation projects category. Of note, projects have been certified by CBI.

Management of Proceeds

Net proceeds are tracked through SGP's internal IT system and database. A detailed report on the satisfactory allocation of the net proceeds to the Eligible Assets will be published every year, with an assurance by an external third party.

Impact Reporting

Committed to report impact indicators such as estimated ex-ante GHG emissions reductions (tCO2eq./year), Estimated energy savings (KWh), Number of jobs created or supported in construction Phase

SDG contribution:

SNCF Réseau

Issuer's sustainability strategy

SNCF Réseau is the world's leading railway infrastructure manager. In France, while transport accounts for nearly 30% of GHG emissions and rail accounts for 10% of traffic (goods and passengers), it emits less than 1% of transport related GHG emissions. It is committed to reduce its energy consumption and GHG emissions by 20% between 2015 and 2025. It has been the first transport company in Europe to issue a green bond and it aims to yearly issue €5bn in this format.

Eligible Projects

Projects, certified by CBI, are the following:

- Maintenance, modernization and energy efficiency projects for the railway system such as lane renewal projects, fixed electrical traction installations and signaling projects,
- Existing lines extension and development of new lines.

Some biodiversity and natural resources protection projects are also eligible but not part of the funded projects as of today.

Management of Proceeds

Proceeds are tracked and verified by an external auditor.

Impact Reporting

SNCF Réseau's green bond reporting, developed in cooperation with Carbone 4, is very detailed in particular regarding GHG emissions avoidance calculation and methodologies. Development of a specific methodology for measuring the impact of its rail network renovation or line creation.

SDG contribution

SSE

Issuer's sustainability strategy

Still important thermal generation assets but the company has a robust energy transition strategy to reduce its thermal generation exposure. While it had an initial objective to reduce its carbon factor from 600g CO2/kWh in 2006 to 300g in 2020 (below EU average), SSE already met this objective in 2017, with 304g CO2/kWh and is thus likely to well beat this target.

Eligible Projects

The issuer is very transparent on the assets to be funded through its green bonds.

The proceeds finance two main categories:

- Wind farms located in the UK
- Renewable energy transmission infrastructure

Management of Proceeds

Internal tracking of proceeds by financing and treasury department. Annual allocation report and external verification.

Impact Reporting

Detailed impact reporting offering relevant KPIs such as:

- Installed capacity (MW)
- Yearly energy generation (GWh)
- CO2 avoidance (Tm)

SDGs contribution:

Schneider Electric

Issuer's sustainability strategy

SE is a global specialist of energy management and automation. We consider that SE is a leading company on ESG matters, with a strong environmental performance. For example, the issuer has the ambition to be carbon neutral by 2030. Hence, we think that this green bond issuance is perfectly aligned with SE's environmental strategy.

Eligible Projects

The proceeds of the issuance will be 100% used to finance R&D programs to improve the issuer's products energy efficiency, which is perfectly in line with the Green Bond Principles. For projects to be qualified as "Green", environmental benefits should be an environmental gain of at least 10% compared to the previous product generation. Eligible projects are selected by a "Climate Bond Committee", which is made of business units representatives and the group environment leader, who assess the projects' climate value-additions.

Management of Proceeds

No segregated account but internally tracked and verified by an external auditor to ensure it finances eligible projects.

Impact Reporting

Reporting on the repartition by projects category, their maturity status and estimated CO2 reduction or energy efficiency gains.

SDGs contribution:

Real Assets Green Investments

Contributing to the €24bn AXA Group Green Investment initiative announced in November, real assets represent a significant portion to this overall objective. In order to define assets as "green", specific criteria must be met for an individual asset as follows:

- Real Estate: for property assets, our definition is limited to assets with a high level of environmental certification (minimum level "Excellent" or "Gold") and a minimum Energy Performance Certificate (EPC) rating of "B" or equivalent.
- Forestry: Sustainably managed forests as demonstrated by an FSC or PEFC certification.
- Commercial Real Estate Debt: for CRE Debt, similar to real estate, we consider loans securitized by single assets with a certification (minimum level "Excellent" or "Gold") to be green.

Infrastructure Debt & Equity: The definition for infrastructure is derived from accepted and demanding market-based approaches. We rely on the taxonomy of the Climate Bond Initiative to classify the infrastructure as green.

Transition Bonds

In June 2019, AXA IM called for a new asset class – transition bonds – to help companies go green. While green bonds have become established options for fixed income investors, AXA IM believes the asset class is at a crossroads, with the potential for the bonds to be undermined by a desire for further issuance which the sector cannot currently provide.

As such, the AXA IM RI team devised guidelines for this new type of bond, targeted at companies which are not yet green and will therefore struggle to be eligible to issue truly green bonds. Instead, transition bonds would be tied to them becoming greener businesses.

The bonds would be used by companies solely to finance transition projects, with a high level of transparency around the bonds and their use to give investors confidence about how their capital is being deployed. These transition bonds would help investors overcome the major challenge of providing capital not just to companies which are already green, but to those which have ambitions to become so. A dedicated working group was created end 2019 at ICMA to work on this new asset class, and the first transition bond was issued in November 2019, and subscribed by our parent company.

Focus on Impact Funds

AXA IM Impact Funds aim to invest in businesses and projects that are designed to have a direct, measurable and positive impact on society and/or the environment, while simultaneously delivering returns by tapping into key themes of the sustainable economy.

Focus on Impact in Private Markets

AXA IM has a long history in investing for impact in private markets, with a first fund launched in 2013. The Impact team manages four funds, including one which was launched in 2020. An overview of the first two funds is available below:

AXA Impact Fund I[3]:

Theme	KPI	Performance (as of 12/19)
Access to Finance / Insurance	Underserved banking clients	71.5m
	Underserved Insurance clients	31.5m
	% Female clients	70%
	% Rural clients	66%
Education	Number of schools	1,417
	Number of students	802,605
	% Female students	48%
Climate Change	CO^2 emissions avoided (tonnes)	34,766,818
Health	Healthcare Facilities in underserved locations	56
	Number of sanitation centers	4,275
	Number of medical products[4] for global health (regulatory approval)	6

AXA Impact Fund II[5]:

Theme	KPI	Performance (as of 12/19)
Transforming Rural Economies	Nb of beneficiaries	4,789,192
Education	Number of underserved students	2,700,000
	Number of emerging countries	16
Access to Clean Energy	CO^2 emissions avoided (tonnes)	9,100,000

In July 2019, a third private market impact fund was launched, with a focus on Climate and Biodiversity[6]. Its goal is to tackle climate change and protect biodiversity and the ecosystems that will support our world into the future. The Fund was awarded the **Best Impact initiative for ESG** in the 2019 Sustainable Investment Awards.

[3] *This fund is dedicated to a single client and not available to third party clients.*
[4] *Drugs, Vaccines, Preventatives, Diagnostics and other related technologies*
[5] *This fund is closed and not available to third party clients.*
[6] *This fund is dedicated to a single client and not available to third party clients.*

The Fund is making good on its promise to fund credible, investable solutions that deliver positive outcomes. To date the fund has made a numbers investments that align with its Climate and Biodiversity mission. Examples of our investments include:

Investment	Activity	Expected impact / Illustrated investments
Madecasse	This investment in sustainable agroforestry and cocoa production will protect the unique biodiversity of Madagascar by providing critical habitats that support lemurs and other endangered species.	The expected impact from this investment include: 2,900 hectares under sustainable management for biodiversity and soil conservation; 528 hectares of Critical Habitat that supports lemurs; 4 lemur species on the International Union for Conservation of Nature endangered list; and create over 120 jobs.
RRG Sustainable Water Impact Fund	This investment directly addresses the effect that extreme weather due to climate change is having on the availability of water, critical habitats and biodiversity in climate stressed areas of California. Our capital is financing groundwater recharge and storage, restoring habitats for endangered species; and generally promoting more sustainable use of agricultural land.	The expected impact outcomes from this investment will have a significant effect on the water and conservation needs of California. The direct and indirect impact outcomes will address 30% of the annual groundwater overdraft; 24% of the migratory bird habitat and 28% of the land restoration needs of the California San Joaquin Valley – a very important region for food production in the United States.
Environmental Technologies Fund 3	This investment funds innovative technology-enabled solutions that contribute credibly to the transition to a more sustainable and green economy under three primary pillars – Smart Energy, Smart Industry and Smart Cities.	Examples of investments includes energy efficient data centres using water cooling technology to replace air cooling; and the manufacture of sustainable leather composites from waste leather thereby saving 3,000 tonnes of leather over the past three years.
Lightsmith Climate Resilience Partners	Through this investment, our aim is to reduce the climate vulnerability of at least 1 million people by empowering them through climate-resilient products and services which will mitigate the damage, disruption, risk and resource scarcity that can follow from changes to the global climate.	Illustrative investments will increase the availability of parametric insurance to farmers in developing countries and the provision of clean drinking water in areas affected by drought using an off-grid hydro panel powered by solar energy.

These cases are provided for illustrative purposes only and do not constitute investment advice or a recommendation. There is no guarantee that they will remain in the portfolios or that the expected impacts will be achieved.

Focus on Impact in Listed Markets

In 2019, AXA IM reinforced its approach to delivering impact through listed markets with a new proprietary framework to identify and select issuers. We hired impact analysts to support the roll-out of this framework for equity assets.

AXA IM's approach to impact investing in listed assets:

5 key pillars to characterise impact investing and differentiate it from other approaches to responsible investing

Intentionality	Materiality	Additionality	Negative consideration	Measurability
Investments should be made with an upfront objectives of having a specific social or environmental outcome.	Invest in companies where the positive oucomes are of material significance to the beneficiaries, the company, or to both.	Decisions on allocating donations are judged on the likely ability to resolve unmet environemental and social needs.	Companies corporate practices, or product and services mai significantly undermine the positive impact it is generating elsewhere.	

Four strategies were part of this category at end 2019:

Strategy[7]	Underlying investment theme	SDGs
Human Capital (equity)	Promoting Human capital as a key asset of small and mid-cap European companies	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
Women Empowerment (equity)	Investing in companies that have the highest ranking in promoting and fostering gender diversity is a way to assess the strength of these foundations. It recognizes the critical role gender diversity plays in business success over time	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES; 8 DECENT WORK AND ECONOMIC GROWTH
Clean Economy (equity)	Population growth and rising wealth continue to increase demand for energy, transportation, food and water. Growing social awareness of the pressure on scarce natural resources and greenhouse gas emission reduction is influencing state policies (ie Paris Agreement to keep the temperature rise below 2°c) and infrastructure investments, ultimately encouraging corporates to act rapidly	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Global Green Bonds (bonds)	Investing in green bonds supporting the development of environmental projects with a proprietary analytical framework	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION

To further deliver a positive impact on society in the long-term, AXA IM is also developing a philanthropic mechanism for its impact fund range. **5% of this range's management fees will be used to fund additional projects aimed at developing solutions with a societal impact. These projects will be focused on the themes which are at the heart of AXA IM's Corporate Responsibility and Responsible Investment strategies , and aligned with selected UN SDGs, such as:**

- SDG 1 – No Poverty
- SDG 3 – Good Health and Well-Being
- SDG 4 – Quality Education
- SDG 5 – Gender Equality
- SDG 13 – Climate Action

[7] *This information is provided for illustrative purposes only and does not constitute a solicitation, or investment advice. The products above may not be registered nor available in your country.*
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