February 2023

Responsible Investing
AXA IM Ecosystem Protection & Deforestation Policy

Deforestation poses unique economic, environmental and social challenges, including biodiversity loss, increasing greenhouse gas emissions, unsustainable land use and labour issues. As an investor, AXA IM is committed to fighting deforestation and natural ecosystem conversion, as well as supporting forest restoration through its investment practices to ensure habitat conservation and limit global warming.

Deforestation and natural ecosystems conversion have devastating consequences and has pushed many species to the brink of extinction. Given the importance of forests' flora and fauna to the planet's ecosystem, by curbing deforestation, it means we can help conserve water and wood resources, better prevent flooding, control soil erosion and preserve natural habitats.

Deforestation and natural ecosystems conversion are also a leading cause of global warming and are responsible for approximately 13 to 15% of global CO_2 emissions[1]. It represents a double loss, as forests and other natural ecosystems such as peatlands or savannahs are also carbon sinks – natural systems which absorb and store CO_2 from the earth's atmosphere. Though the rate of deforestation has slowed since the 1990s, the world still lost 3.6 million hectares of primary rainforest - an area the size of Belgium - in 2018. Moreover, data shows there has been an 84% rise in the number of fires in Brazil's Amazon rainforest[2] in recent years. The beef, soy, palm oil, rubber, paper pulp and timber industries are the major contributors to deforestation[3].

[1] https://www.statistiques.developpementdurable.gouv.fr/sites/default/files/202012/datalab_81_chiffres_cles_du_climat_edition_2021.pdf
Additional Source: Forest Carbon Partnership Facility (2019)
[2] Source: INPE National Institute for Space Research, based on data for January-August 2019
[3] https://www.wri.org/insights/just-7-commodities-replaced-area-forest-twice-size-germany-between-2001-and-2015

Considering the huge environmental and social impact of deforestation and natural ecosystems conversion, in 2021, AXA IM decided to extend its Palm Oil policy[4] with a more comprehensive approach to Deforestation and Ecosystem Protection. AXA IM considers that investment in companies involved in deforestation and natural ecosystem conversion should be avoided when negative business practices are clearly identified. This policy defines a set of rules and procedures which aim to address this principle.

AXA IM also wants to encourage and promote engagement with companies involved in those issues, to help change and improve practices. Moreover, AXA IM values forests as an asset class and is likely to pursue its forest investments in the future. AXA IM encourages direct investments in forestry operations that are certified by internationally recognised standards or demonstrate a credible path towards certification. This policy document provides an overview of these commitments.

Our approach to exclusions

AXA IM will avoid investments in:

- Palm oil producers which have not achieved "sustainable palm oil" production certifications, and/or have significant unresolved land rights conflicts and/or conducting illegal logging[5];
- Companies in any sector facing "high" and "severe" controversies related to "Land use and biodiversity"[6];
- Companies producing palm oil (including crude palm oil, palm kernel oil and any other palm derivatives), Soy (including all meal or oil containing soy and any derivatives), cattle products (including all food products containing beef, tallow, and leather-made clothing, furniture, and accessories) and timber products (including all solid timber and processed wood-based products such as paper, cardboard and any other wood-based packaging, and wood-based cellulosic fibers like viscose, acetate, modal or lyocell) that are facing "significant land use and biodiversity controversies and that are found to have a "critical" impact on deforestation and natural ecosystems conversion according to our data provider[7].

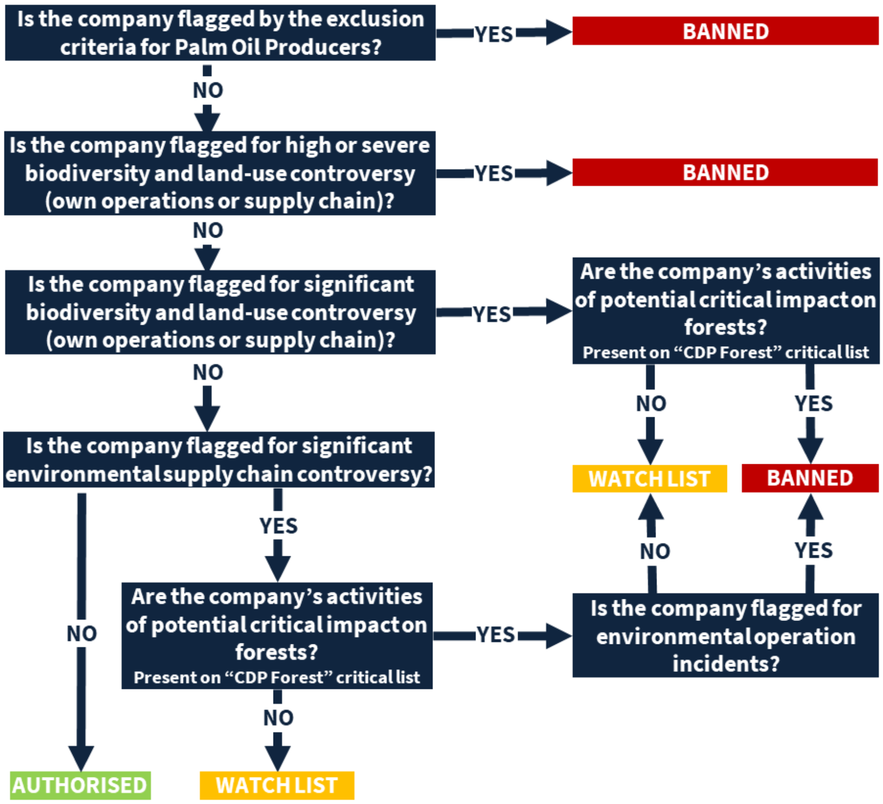
Excluded companies

Sector / Area	Exclusion criteria	Approach, sources and frequency of update
Palm oil	The exclusion criteria apply to producers which: - Derive at least 5% of their revenues from palm oil production whether directly or indirectly through majority-owned (50%) subsidiaries, or - Own over 30,000 hectares of palm oil plantations. This threshold may be reduced in the case of significant controversies. The exclusion focuses on: - Companies that have not achieved or committed to achieve RSPO[8] certification or other internationally recognised certification, - Companies that have unresolved land rights conflicts, - Companies that are unable to prove the legality of their operations, - Companies that have not undertaken social and environmental impact assessments, - Companies that have not consulted with stakeholders prior to commencing operations, - Companies that have undertaken illegal logging.	Affiliates[9] of excluded companies may also be excluded in particular if they act as a securities issuance entity for or act in a similar sector as the related excluded company. The exclusion list is updated on an annual basis unless a specific event requires an intermediate revision[10] or a delay in the publication of data requires to postpone the update. We rely on external providers to prepare an initial list of issuers in scope, including CDP. The list is then reviewed qualitatively and

[4] Since 2014, AXA IM's Management Board has been implementing an exclusion policy for investments related to Palm oil production, focusing on the worst business practices.
[5] These criteria have been part of the Palm Oil policy in place since 2014.
[6] According to our provider, we do consider controversies with the highest levels, i.e., "Significant", "High" and "Severe".
[7] According to the "CDP Forest" database. Source: Forests - CDP
[8] Roundtable on Sustainable Palm Oil (RSPO).
[9] For the purpose of this policy, the term "affiliate" shall mean any entity, individual, firm or corporation, directly or indirectly, through one or more intermediaries, controlling or controlled by excluded companies.
[10] Examples given: major newsflow. The list is not systematically updated following corporate actions.

Soy, Cattle & Timber	<u>The exclusion focuses on</u>: - Companies with controversial practices in Land Use and Biodiversity (controversy levels: significant, high and severe), - Companies classified as 'critical' for their impact on forests according to the Carbon Disclosure Project ("CDP") and with controversial practices in Environmental Supply Chain incidents, Operational Incidents or Environmental Products and Services incidents (controversy levels: significant, high and severe).	discussed within our RI governance committees. A temporary engagement approach can be chosen for certain issuers, instead of an exclusion approach[11].

As for the segments of soy, cattle and timber, the decision tree below describes in more details how the ban list is built:



Our engagement approach

At AXA IM, we see investor engagement as a change process where investors seek to improve investee companies' practices with a specific objective in mind. We promote active engagement with companies, to curb negative practices including for companies involved with the supply chain of agriculture/forestry products, and more specifically for the companies implicated in the value chain of such key deforestation driving soft commodities as soy, palm oil, timber, and cattle.

Our engagement on biodiversity is research-led and focuses on issuers having a material impact on deforestation and natural ecosystems conversion, issuers deemed to have made insufficient progress towards management of their impacts as well as on issuers developing activities with a high global biodiversity footprint[12]. We engage, as a shareholder, individually where needed, and via coalitions wherever possible[13].

[11] Progress of engagement activities is monitored by the same RI governance committee.
[12] AXA IM uses Iceberg Data Lab biodiversity footprint data.
[13] In 2022, we became members of the two new important collaborative engagement initiatives: dialogue with chemical companies on management of hazardous substances supported by ChemSec, and collaborative engagement on biodiversity, pollution and waste led by FAIRR. Moreover, one of the key initiatives, which as we expect will bring a global biodiversity momentum even higher, is Nature Action 100

On deforestation specifically, the global goal of our engagement activities is to accompany issuers identified as exposed to deforestation risks in setting up clear zero deforestation and natural ecosystems conversion-free goals by 2025 supported by concrete and effective actions. Generally, we expect issuers exposed to deforestation risks to:

- Set a company-wide timebound and commodity-specific deforestation and natural ecosystems conversion-free policy[14] addressing natural forests throughout operations and a company's direct and indirect supply chain;
- Develop adequate targets and action plan, which may include clear target date and cut-off dates, possible intermediate targets on traceability and any other targets related to implementation as well as clear and concrete actions undertaken;
- Ensure top management oversight of deforestation policy and risks;
- Implement supply chain traceability as well as deforestation and conversion risks assessment systems;
- Verify compliance with commitments and best practices;
- Publicly disclose deforestation and conversion-free KPIs;
- Develop remediation projects for ecosystems restoration and protection;
- Collaborate with local communities and stakeholders, including providing support to smallholders impacted by their activities (*e.g.*, through compensation measures);
- Work to implement FPIC[15] in operations and in supply chain and to ensure respect of Human Rights throughout the commodities value chains[16].

Our ambition is to control the potential risks of deforestation and natural ecosystem conversion associated with their activities and to support a forest- and nature-positive transformation of these companies. Through engagement we also work with our investees to improve their disclosure around projects to preserve forests and protect natural capital throughout their value chain to ensure sustainable management of forests and other natural assets.

Beyond deforestation and natural ecosystems, with the advancements of knowledge and data on biodiversity and natural capital, the focus of our engagement is being progressively enlarged to cover broader ecosystems conversion, biodiversity degradation and associated social issues with initial discussions conducted with companies exposed to biodiversity loss challenge in different economic sectors. We will continue to amplify this area of shareholder engagement through direct dialogue with companies in sectors demonstrating high biodiversity footprint with the aim to ensure that impacts on nature and risks related to biodiversity loss are adequately considered in our investment decisions and effective mitigation actions are developed by companies.

This engagement process, which pre-dates the implementation of exclusions in certain cases, will be annually reviewed and reinforced with a view to encourage companies to put in place detailed mitigation strategies and timelines to achieve the goals of our policy.

We therefore define timeframes to achieve the engagement asks listed above for each of the companies we engage with, which are ambitious but also realistic. We expect them to disclose progress on their path. If a company does not deliver on the defined timeframe, we will use escalation techniques which could consist in voting or other escalation tactics as required, including eventual exclusion. We also work in collaboration with CDP and WWF on specific cases with regards to engagement on biodiversity-related topics.

The above engagement approach may be adapted for alternative asset classes.

(NA100) launched at the COP15 of the UN Convention on Biological Diversity (CBD). This initiative will leverage on the Climate Action 100+ (CA100+) experience of a globe collaborative engagement by investors around the globe and will target a selection of companies considered as systemically important from the point of view of their impacts, dependencies, and potential solutions on biodiversity.

[14] According to the Accountability Framework definition: Home | Accountability Framework (accountability-framework.org)

[15] "Free Prior and Informed Consent" refers to the right of indigenous peoples to be informed, to react to and to give or withhold their free consent to measures that can affect them before those measures are put in place.

[16] Ensure regular, close dialogue with local communities with the respect of FPIC principle prior to intervention and local holders' land rights; prevent and eventually manage properly land conflicts (refrain from non-agreed land exploitation, etc.); collaborate with local agricultural population and include smallholders in commodity supply chains; develop comprehensive approaches to mitigate Human Rights violations (forced labour, child labour, etc.) and guarantee proper working conditions as well as economic and social non-discrimination (including gender equality), throughout commodities value chains, etc.

Scope

Financial instruments
The policy applies to all single-name financial instruments issued by the excluded companies or offering exposure to excluded companies.

Portfolios
The policy applies in principle to all portfolios under AXA IM's management, including dedicated funds and third-party mandates, unless the client has given different instructions for its mandate or the fund has been exempted for legal or risk management reasons.

The policy does not apply to:
- Funds of funds composed of funds which are not under the management of AXA IM;
- Index funds;
- Funds of hedge funds;
- Tenants in real estate portfolios.

The policy applies to direct product investments, overall with no look-through except when local laws or regulations require to do so.

Entities
This policy applies to AXA IM and all its affiliates worldwide, to joint ventures when AXA IM's stake is 50% or higher, and to funds for which the management is delegated to one of our joint ventures.

Implementation

The exclusion policy is implemented on a best-effort basis, taking into account local regulation and both client best interest and fund's objectives, with a transition period of maximum 30 days following their initial implementation for the funds/mandates in scope, and following periodic revisions of the exclusion lists. If the application of this standard dictates divestments, portfolio managers shall disinvest at their discretion as soon as possible within this transition period taking into account the portfolio impact based on market conditions, liquidity and portfolio construction constraints. In practice some targeted instruments could remain in the funds or mandates for a period if deemed in the best interest of their clients and provided that it is compliant with the applicable Laws - however, those holdings cannot be increased[17]. For certain alternative products such as Collateralized Loan Obligations ("CLOs"), Mutual Securitization Funds ("FCT" in French), closed-ended alternative funds and other alternative products, if the divestment is considered impossible, such holdings in portfolios could be kept until maturity following an internal validation process.

The exclusion lists are prepared using information from external data providers, and although a qualitative review is performed, AXA IM is therefore not responsible for the accuracy of this data.

The implementation of this policy is subject to compliance with asset management local laws or regulations; therefore, some alternative specific implementation mechanisms of this policy may be put in place locally. In the EU, the implementation of this policy is part of the compliance with SFDR requirements as it constitutes AXA IM's approach to consider sustainable investments for the 'Do No Significantly Harm' (DNSH) criteria (*i.e.*, applicable to Article 8 and Article 9 funds). Thus, if the application of this standard dictates divestments, portfolio managers shall disinvest for their product to be classified Article 8 or Article 9, following the abovementioned implementation process.

The implementation of this policy will be described in the AXA IM annual Climate Report (Article 29 – TCFD combined report).

[17] Such tolerance could be applied, for example in relation to strategies with accounting objectives (*e.g.*, 'buy & maintain' strategies), or for concentrated strategies with appropriate validation from oversight functions.

Focus on our investments in natural capital & forests

AXA IM Alts' Forestry Management Policy

The consequences of climate change and deforestation will continue to have an increasingly detrimental impact on both forestry and biodiversity. Their effects include the erosion of natural habitats, the weakening of species renewal and the growing geographic spread of new threats to biodiversity, including plant disease and invasive species. Faced with these consequences, AXA IM actively pursues a rigorous policy as part of its forest investments in selecting its assets, its forest management partners, and in adapting management practices to meet these global challenges.

AXA IM Alts manages forests in France, Ireland, Finland, and Australia representing more than 84,000 hectares on behalf of its clients.

Our commitment for sustainable forest management covers the ownership, management, wood production and societal use of our forests:

- Sustainable forest management aims to preserve forests for the future while allowing the production of wood, respecting ecosystems, maintaining biodiversity, soils and water, and maintaining the health of the stands necessary for their renewal. All our European forests and management practices are certified within two years of acquisition by Forest Stewardship Council (FSC) and/or the Programme for the Endorsement of Forest Certification (PEFC);
- The commitment implies the promotion of the use of wood as a material that offers a real capacity to reduce greenhouse gas emissions, for example, by substituting it for traditional construction materials such as concrete or steel. Wood uses that do not significantly reduce greenhouse gas emissions, such as industrial burning of biomass should not be the main use targeted by our forest management;
- Sustainable forest management covers natural areas which in addition to their rich biodiversity provide a useful space for raising awareness and understanding of nature. We have committed to using parts of our forests for the broader development and understanding of forests and nature.

In practice:

- We require recognised, independent certification, mainly via PEFC or FSC for all forests as part of our management. As we expand into new geographies, we will continue to apply this principle, using equivalent regional certification;
- Our choice of forest management partners includes the requirement for evidence of their corporate and independent commitments to sustainable management and compliance with laws and regulations within each of the regions concerned;
- We work with local forest tree species to improve adaptation to soil constraints and risks, to climate change and to the growing threats of health crises affecting tree growth and existence;
- Regarding existing monoculture forests, we promote - with research support - the diversity of species during logging operations to limit the area of clear felling for the future;
- As a silviculture principle/target over time, we have already started to promote management routes towards continuous cover forestry;
- In France, we have decided to limit the clear fell operation to four hectares, significantly less than the area allowed by the regulations and management documents (except in case of necessary sanitary felling);
- We protect biodiversity: in addition to the respect of all classified and protected areas, we have committed to implement retention forestry rules in productive forests, thus devoting 3% of our forests (excluding roads) to restore naturalness, to conserve biodiversity and to monitor their long term evolution;
- We support education, recreation and research and allow access to forests for certain companies, organisations and associations sharing a common interest in the forest's natural attributes.

AXA IM Alts Impact Investing: our analytical framework and guidelines for Natural Capital Investments

With AXA IM Alts Impact Investing Strategy, we believe that to manage competing priorities for natural capital, a new paradigm is necessary that aligns financial returns with the conservation of natural capital for the long-term. We invest in private assets to catalyse solutions that deliver intentional and measurable positive outcomes that combat climate change and biodiversity loss. Our solutions promote mitigation, adaptation and resilience in relation to these critical environmental challenges of our time.

In relation to natural capital, our objective is to conserve, protect and restore natural capital, preserving nature's ability to act as natural carbon sinks and high value habitats necessary for conservation and biodiversity.

The following analytical framework is used to assess whether the Natural Capital Investments are eligible. Companies and projects will be selected and monitored for their ability to contribute to the following:

- Conservation of natural capital (by monitoring hectares of natural capital conserved);
- Climate change mitigation (by monitoring avoided GHG emissions);
- Protection of biodiversity habitats (by monitoring hectares of critical habitats and number of species protected);
- Climate resilience (by monitoring the number of people made resilient).

Our ESG requirements for Natural Capital Investments include:

- Meet the objectives of the IFC's Social and Environmental Performance Standards;
- Aim to secure certification under internationally recognised (or market specific) schemes such as Forest Stewardship Council, Climate, Community and Biodiversity Alliance, Fair Trade, etc where agricultural/forest derived commodities and products are produced, or harvested from wild or semi-wild landscapes;
- Achieve certification to internationally recognised standards (such as Verified Carbon standard and/or ensure alignment with national and/or international rules on project nesting when verified ecosystem service credits (such as carbon credits) are created for trade;
- Align with the conservation of natural habitats and protect biodiversity and species including those listed under the International Union of Conservation Nature (IUCN) Red List of Threatened Species;
- Involve no net loss of biodiversity, no conversion or draining of native ecosystems, and no negative impacts on wildlife or high conservation value ecosystems.