

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852**

**Product name:** AXA IM All Country Asia Pacific Ex-Japan Small Cap Equity QI (the “Financial Product”)

**Legal entity identifier:** 213800SZ580TSMCA9T31

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_%



**It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.0 % of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

The Financial Product promotes carbon intensity and water intensity as environmental and social characteristics by investing in companies that consider carbon intensity and/or water intensity.

The Financial Product also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil sand activities
- Protection of ecosystem and prevention of deforestation
- Better health with exclusion on tobacco
- Labor rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labor Organization’s (ILO) Conventions or the OECD guidelines for Multinational Enterprises

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by this Financial Product.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The attainment of the environmental and social characteristics promoted by the Financial Product and described above is measured with the following sustainability indicators:

- Carbon Intensity:

The weighted average carbon intensity (WACI) of the Financial Product and of the MSCI AC Asia Pacific ex Japan Small Cap Index (“the Benchmark”) is used to show the Financial Product’s or Benchmark’s exposure to carbon intensive companies and is calculated by summing each holding’s carbon emissions (measured in tons of carbon dioxide emissions released into the atmosphere per USD 1 million of their revenue) by its portfolio weight.

The WACI analysis coverage rate within the Financial Product is at least 90% of the equity portion of the Financial Product’s portfolio.

- Water intensity:

The weighted average water intensity (WAWI) of the Financial Product or the Benchmark represents the amount of water (measured in cubic metres per USD 1 million of revenue) diverted for use by the organisation from all sources, including but not limited to surface, ground, saltwater, municipal and cooling water. The WAWI is provided by our selected external data provider.

The WAWI analysis coverage rate within the Financial Product is at least 70% of the equity portion of the Financial Product’s portfolio.

The Financial Product seeks to outperform its Benchmark on both of these sustainability indicators in order to promote the environmental and social characteristics described above.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Financial Product intends to partially invest in instruments qualifying as sustainable investments with various social and environmental objectives in line with the characteristics outlined above (without any limitation to the portion of sustainable investments which the Financial Product commits to) by assessing the above stated sustainability indicators.

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The sustainable investments that the Financial Product partially intends to make should not breach the “Do No Significant Harm” principle. This means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm to any of the SDGs when one of its SDG scores is below -5 based on a quantitative database from an external provider on a scale ranging from +10 corresponding to ‘significantly contributing’ to -10 corresponding to ‘significantly obstructing’, unless the quantitative score has been qualitatively overridden.
- The issuer is in AXA IM’s sectorial and ESG standards ban lists (as described below), which consider among other factors the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
- The issuer has a CCC (or 1.43) or lower ESG rating according to AXA IM ESG scoring methodology. The ESG score is based on ESG scoring from an external data provider as primary inputs assessing data points across ESG dimensions. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

Indicators for principal adverse impacts on sustainability factors are also considered, including through the application of AXA IM’s exclusion and stewardship policies, as outlined below.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The Financial Product takes into consideration Principal Adverse Impacts (“PAIs”) indicators to ensure that the sustainable investments are not harming significantly any other sustainability objectives under SFDR.

Principal adverse impacts are mitigated through sectorial exclusion policies and AXA IM ESG standards policies (as described in the table below) that are applied bindingly at all times by the Financial Product, as well as through the filters based on UN Sustainable Development Goals scoring.

**Exclusion Policies:**

Please note that the Relevant AXA IM policies listed below are subject to change as data availability and quality used to assess the relevant PAI indicator improves.

**Environment:**

Relevant AXA IM policies	PAI indicator
Climate Risk policy  Ecosystem Protection & Deforestation policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
	PAI 2: Carbon footprint
	PAI 3: GHG intensity of investee companies
Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
Climate Risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
Climate risk policy (considering an expected correlation between GHG emissions and energy consumption)	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **Social and Governance:**

Relevant AXA IM policies	PAI indicator
Voting and Engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board gender diversity
ESG Standards policy: violation of international norms and standards	PAI 10: Violations of UN Global Compact principles & OECD Guidelines for multinational enterprises
ESG Standards policy: violation of international norms and standards (considering an expected correlation between companies non-compliant with international norms and standards and the lack of implementation by companies of processes and compliance mechanisms to monitor compliance with those standards)	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles & OECD Guidelines for multinational enterprises
Controversial Weapons policy	PAI 14: Exposure to controversial weapons

Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through the engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors.

Voting at general meetings is also an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invests and mitigate adverse impacts.

**Filter based on UN SDGs:**

AXA IM also relies on the SDG pillar of its sustainable investment framework to monitor and take into account adverse impacts on those sustainability factors by excluding investee companies which have a SDG score under – 5 on any SDG (on a scale from + 10 corresponding to ‘significant contributing impact’ to – 10 corresponding to ‘significant obstructing impact’), unless the quantitative score has been qualitatively overridden following a duly documented analysis by AXA IM Core ESG & Impact Research. This approach enables us to ensure investee companies with the worst adverse impacts on any SDG are not considered as sustainable investments.

Data availability and quality is lower for the time being on certain sustainability factors related to biodiversity as an example, which may impact the coverage for the following PAI indicators: emissions to water (PAI 8), hazardous and radioactive waste ratio (PAI 9) and unadjusted gender pay gap (PAI 12). Those sustainability factors are part of the 17 objectives targeted by the United Nations SDGs (more specifically they are covered through SDG 5 “gender equality”, SDGs 6 “clean water and sanitation”, SDG 8 “economic growth”, SDG 10 “reduced inequalities”, SDG 12 “responsible production and consumption” and SDG 14 “life below water”) and AXA IM’s framework there enables to mitigate the worst impacts pending the increase on data availability and quality.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Financial Product doesn’t invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on human rights, society, labour and environment. AXA IM relies on an external provider’s screening framework and excludes any companies that have been assessed as “non compliant” to UN’s Global Compact Principles, International Labor Organization’s (ILO) Conventions, OECD Guidelines

for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

*[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, \_\_\_\_\_

No

Principal adverse impacts are considered with both (i) qualitative and (ii) quantitative approaches:

- (xiii) Qualitative approach to consider principal adverse impact is based on exclusion and, where relevant, stewardship policies. Exclusion policies as part of the AXA IM ESG standards cover the most material sustainability factors’ risks and are applied bindingly on a continuous basis. Where relevant, stewardship policies are an additional risk mitigation on principal adverse impacts through direct dialogue with companies on sustainability and governance issues. Through its engagement activities, the Financial Product will use its influence as an investor to encourage companies to mitigate environmental and social risks relevant to their sectors. Voting at general meetings is an important element of the dialogue with investee companies in order to foster sustainably long-term value of the companies in which the Financial Product invest and mitigate adverse impacts.

Through those exclusion and stewardship policies the Financial Product takes into consideration potential negative impacts on those specific PAI indicators as follows:

	Relevant AXA IM policies	PAI indicator
<b>Climate and other environment related indicators</b>	Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	PAI 2: Carbon Footprint
	Ecosystem protection & Deforestation policy	
	Climate Risk policy	

	Ecosystem protection & Deforestation policy	PAI 3: GHG intensity of investee companies
	Climate Risk policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate risk policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Ecosystem protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive area
<b>Social and employee respect for human rights, anti-corruption and anti bribery matters</b>	ESG standard policy / violation of international norms and standards	PAI 10: Violation of UN global compact principles & OECD guidelines for Multinational Enterprises
	Voting and engagement policy with systematic voting criteria linked with board gender diversity	PAI 13: Board gender diversity
	Controversial weapons policy	PAI 14: Exposure to controversial weapons

- (xiv) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the Financial Product's periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA IM is measuring all the mandatory PAI indicators, additional optional environmental and social indicators.



## What investment strategy does this financial product follow?

1. The Investment Manager selects investments by applying a non-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards policies, including taking into account the ESG score of the Financial Product.  
The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

2. In addition the financial product considers ESG scores when available.

The ESG score is based on ESG scoring from an external data provider as primary inputs assessing data points across ESG dimensions that include the environmental and social characteristics described above and promoted by the Financial Product. AXA IM ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG rating provided that it is approved by AXA IM dedicated internal governance body.

AXA IM has implemented scoring methodologies to rate issuers (corporates, sovereigns, green, social and sustainability bonds) on ESG criteria. These methodologies allow the Investment Manager to rate corporates and sovereign issuers and are based on quantitative data from several data providers as well as on qualitative analysis from internal and external research. The data used in these methodologies include carbon emissions, water stress, health and safety at work, supply chain labour standards, business ethics, corruption and instability.

The corporate and sovereign scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies and governments activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behavior. The final ESG score also incorporates the concept of industry dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies is assessed and monitored on an ongoing basis to make sure that the most material risks are reflected in the final ESG score. The controversies with high severity will trigger large penalties on the sub-factor scores and ultimately on the ESG scores.

These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors which enables the Financial Product to promote environmental and social characteristics.

The ESG data used in the investment process is based on ESG methodologies which rely in part on third party data, and in some cases are internally developed. They are subjective and may change over time. Despite several initiatives, the lack of harmonised definitions can make ESG criteria heterogeneous. As such, the different investment strategies that use ESG criteria and ESG reporting are difficult to compare with each other. Strategies that incorporate ESG criteria and those that incorporate sustainable development criteria may use ESG data that appear similar but which should be distinguished because their calculation method may be different. AXA IM's ESG different methodologies described herein may evolve in the future to take into account any improvements in data availability and reliability, or any developments of regulations or other external frameworks or initiatives - among others.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Financial Product bindingly applies at all times the following elements described below.

1. The Investment Manager bindingly applies at all times a first exclusion filter, encompassing areas such as controversial weapons, climate risks, soft commodities and ecosystem protection & deforestation. The Investment Manager also applies the AXA IM's ESG Standards policy integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a low ESG quality (which is, as of the date of this Prospectus, below 1.43 (on a scale of 0 to 10) – such number being subject to regular review and adaptation). Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned.

2. The Financial Product seeks to outperform its Benchmark on both of the following sustainability indicators in order to promote the environmental and social characteristics described above.

The WACI analysis coverage rate within the Financial Product is at least 90% of the equity portion of the Financial Product's portfolio (as set out above).

The WAWI analysis coverage rate within the Financial Product is at least 70% of the equity portion of the Financial Product's portfolio (as set out above).

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the investments considered.

● ***What is the policy to assess good governance practices of the investee companies?***

The Financial Product does not invest in companies which cause, contribute or are linked to violations of international norms and standards in a material manner. Those standards focus on human rights, society, labour and environment. AXA IM relies on an external provider's screening framework and excludes any companies that have been assessed as "non compliant" to UN's Global Compact Principles, International Labor Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

In addition, ensuring good governance practices (such as sound management structures, employee relations, remuneration of staff and tax compliance) is also addressed by the engagement policies. AXA IM implemented a comprehensive active ownership strategy – engagement and voting – where AXA IM acts as stewards of investments made on the clients' behalf. AXA IM views engagement as a means for investors to influence, shape and shift investee company policies and practices to mitigate risks and secure long-term value. Governance practices of companies are engaged at first level by the portfolio managers and dedicated ESG analysts when meeting companies' management team. It is through the long-term investor status and in-depth knowledge of the investment targets that AXA IM feels legitimate to engage in a constructive but demanding dialogue with them.



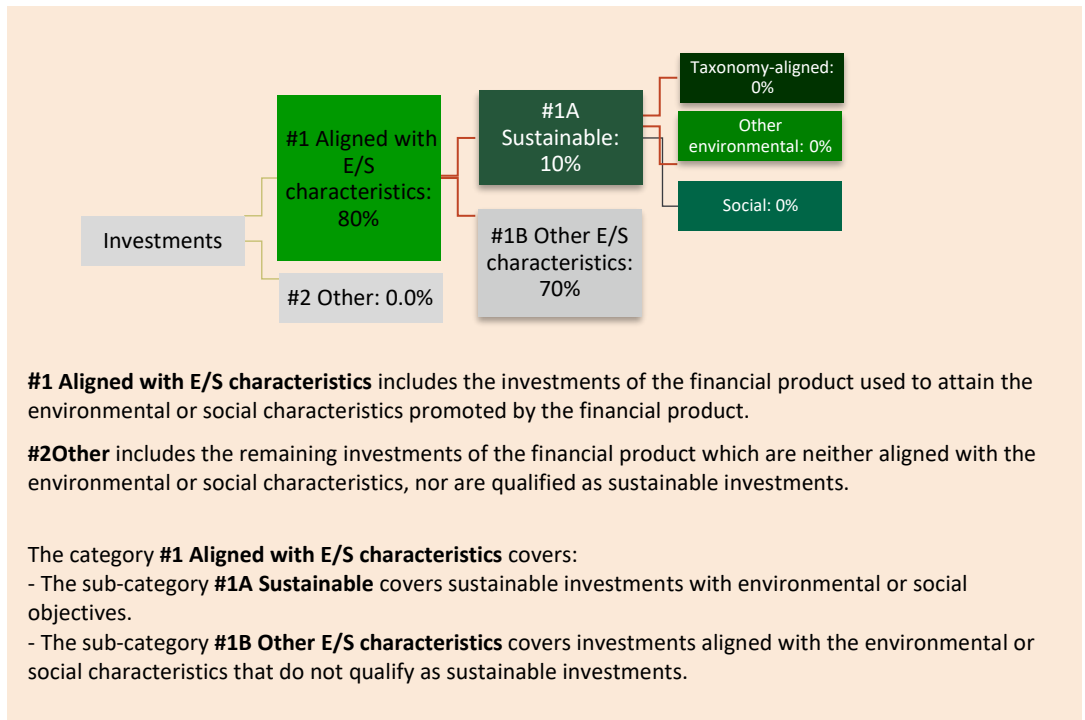


## What is the asset allocation planned for this financial product?

The Financial Product aims to plan its assets' allocation as presented in the graph below. This planned asset allocation might deviate on a temporary basis.

The planned minimum proportion of the investments of the Financial Product used to meet the environmental and social characteristics promoted by the financial product is 80.0 % of the Financial Product Net Asset Value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Product commits to applying the binding elements of the investment strategy as detailed above and thereby making sustainable investments is 10.00 % of the Financial Product Net Asset Value.



The remaining "Other" investments will represent a maximum of 20% of the Financial Product's Net Asset Value.

### ● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental and social characteristics promoted by the Financial Product. except that we do not invest in derivatives issued on companies which are excluded pursuant to our exclusion policies.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

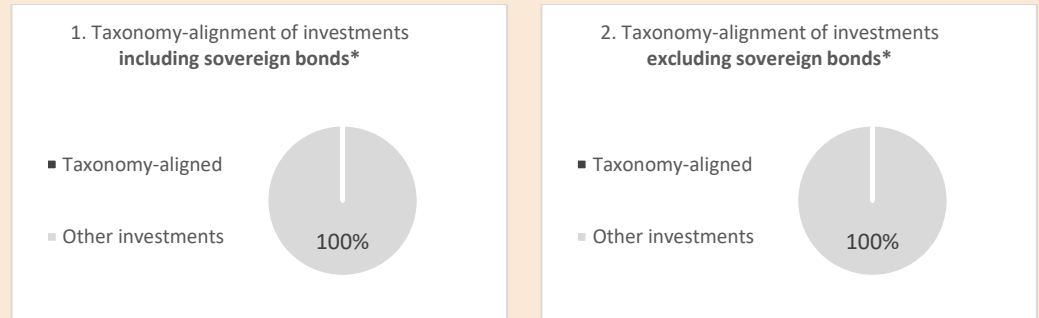
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Financial Product is not taking into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the 'do not significant harm criteria' of the EU Taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### ● What is the minimum share of investments in transitional and enabling activities?

The minimum share of investments in transitional and enabling activities is 0% of the Financial Product Net Asset Value.



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0.0 % of the Financial Product Net Asset Value.



## What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with social objective is 0.0 % of the Financial Product Net Asset Value.



## What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “other” assets may consist in:

- cash and cash equivalent investments being bank deposit, eligible money market instruments and money market funds used for managing the liquidity of the Financial Product and
- other instruments eligible to the Financial Product and that do not meet the environmental and social criteria described in this appendix. Such assets may be equity instruments, derivatives investments and investment collective schemes that do not promote environmental and social characteristics and that are used to attain the financial objective of the Financial Product and/or for diversification and/or hedging purposes.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Environmental or social safeguards (specifically our exclusion policies as described above) are applied and assessed on all “other” assets except on (i) non single name derivatives, (ii) on UCITS and/or UCIs managed by other management company and (iii) on cash and cash equivalent investments described above.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by this Financial Product.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



## Where can I find more product specific information online?

**More product-specific information can be found on the website:**

More information can be found on the AXA IM fund center following that link: [Funds - AXA IM UK Professional Adviser \(axa-im.co.uk\)](#)

More details on AXA IM sustainable investment frameworks are available on [Sustainable Finance | SFDR | AXA IM Corporate \(axa-im.com\)](#)