

Second-Party Opinion

AXA CEF Green Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the AXA CEF Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Building, Energy Efficiency, Renewable Energy, Eco-Mobility and Waste Management – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11, and 12.



PROJECT EVALUATION AND SELECTION AXA CEF's cross-functional Green Finance Committee manages the internal process for evaluating and selecting projects under the Framework and reviews, monitors and approves all eligible green projects. This process includes an assessment of environmental and social risks based on its ESG strategy, which is applied to all investment decisions including all allocation decisions made under the Framework. Sustainalytics considers this process to be adequate and aligned with market practice.



MANAGEMENT OF PROCEEDS AXA CEF's Green Finance Committee is responsible for allocating and tracking all proceeds to eligible projects under the Framework. The Chair of the Green Finance Committee oversees the process for managing proceeds. The proceeds of each instrument are intended to be allocated within 24 months of issuance. Any unallocated proceeds may be temporarily used for the repayment of existing debt or held in cash or other liquid instruments. This is in line with market practice.



REPORTING AXA CEF intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Reporting details will include details such as the total proceeds allocated to each category, the eligible green projects with a look-back period of 36 months and the balance of unallocated proceeds. In addition, AXA CEF is committed to reporting on relevant impact metrics on an annual basis. Sustainalytics views this allocation and impact reporting as aligned with market practice.

Evaluation date December 08, 2022¹

Issuer Location Paris, France

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For inquiries, contact the Sustainable Finance Solutions project team:

Arnab Deb (Mumbai)
Project Manager
arnab.deb@sustainalytics.com

Manali Vaidya (Mumbai)
Project Support

Ayushi Agrawal (Mumbai)
Project Support

Akshay Chandrakapure (Mumbai)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

¹ This document is an update of Sustainalytics' second-party opinion that was published in May 2021 to reflect the revisions that AXA CEF introduced to the AXA CEF Green Finance Framework, namely to include the following: (i) addition of the DGNB green building certification to the eligibility criteria in the Green Building category, (ii) Final project selection to be endorsed by AXA IM Alts' Responsible Investment Steering Committee, chaired by its Global Head of Real Estate.

Introduction

AXA Investment Managers (“AXA IM”) is the asset management arm of AXA, a global insurance and financial services company based in Paris, France. AXA IM operates in more than 20 countries and employs approximately 600 people worldwide. AXA IM Alts (the “Company”) is one of the asset managers operating under AXA IM. At the end of 2015, AXA IM Alts launched the AXA Core Europe Fund S.C.S., SICAV-SIF (“AXA CEF” or the “Fund”) to invest in real estate assets across Europe. As of 30 June 2022, the Fund held approximately EUR 6 billion in assets under management with 382 properties in 15 European countries.

AXA CEF has developed the AXA CEF Green Finance Framework (the “Framework”), under which it intends to issue green bonds and loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects intended to improve the sustainability of its real estate portfolio. The Framework defines eligibility criteria in five areas:

1. Green Building
2. Energy Efficiency
3. Renewable Energy
4. Eco-Mobility
5. Water Management

The General Partner of the Fund² engaged Sustainalytics to review the AXA CEF Green Finance Framework, dated October 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)³ and the Green Loan Principles 2021 (GLP).⁴ The Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of AXA IM Alts’ management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. AXA IM Alts representatives have confirmed (1) they understand it is the sole responsibility of AXA IM Alts to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

² The legal entity is AXA CoRE Europe GP Sàrl.

³ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁴ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/>

⁵ The AXA CEF Green Finance Framework is available on AXA IM Alts’ website at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the General Partner of the Fund.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, AXA IM Alts is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that AXA IM Alts has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the AXA CEF Green Finance Framework

Sustainalytics is of the opinion that the AXA CEF Green Finance Framework is credible and impactful and aligns with the four core components of the GBP and the GLP. Sustainalytics highlights the following elements of the AXA IM's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy, Eco-Mobility and Waste Management – are aligned with those recognized by the GBP and the GLP.
 - Within the Green Building category, AXA CEF intends to finance or refinance the acquisition, construction or refurbishment of buildings which meet one of the following criteria:
 - Third-party building certification standards and minimum levels of LEED Gold,⁷ BREEAM Excellent,⁸ HQE Excellent⁹ or DGNB Gold.¹⁰
 - New construction and existing buildings that either have or are expected to receive an energy performance certificate (EPC) of class A or B.
 - The Company has communicated to Sustainalytics that it intends to align the EPC-level achievements of the assets in its portfolio with the level that represents the top 15% of building stock in each country.¹¹
 - Sustainalytics views the selected green building certification schemes and associated levels as credible.
 - Under the Energy Efficiency category, AXA CEF may finance or refinance activities that aim to reduce the GHG emission intensity of buildings. The Framework specifies that the Company will target renovated and refurbished buildings that achieve at least a 30% reduction in GHG intensity or a two-letter grade improvement according to local EPCs.
 - This category includes capex for energy efficiency improvements that align asset performance with the Carbon Risk Real Estate Monitor's 1.5°C scenario, provided that the 30% GHG intensity improvement threshold is satisfied by the expenditures. Sustainalytics notes that setting minimum thresholds for energy improvements through renovations aligns with market practice. Sustainalytics also notes that AXA CEF's goal of at least a 30% reduction in GHG intensity for all buildings receiving funding under this category is aligned with market practice.

⁷ LEED: <https://www.usgbc.org/leed>

⁸ BREEAM: https://www.breeam.com/BREEAM2011SchemeDocument/Content/03_ScoringRating/scoring.htm

⁹ HQE: <https://www.hqegbc.org/home/>

¹⁰ DGNB: <https://www.dgnb-system.de/en/certification/certification-process/>

¹¹ EPC class A in the Netherlands, France and Portugal

- For Renewable Energy expenditures under the Framework, AXA CEF may finance the installation of solar photovoltaic energy generation systems along with dedicated supporting infrastructure, as well as wind and geothermal energy projects
 - Geothermal facilities will be eligible if they meet a direct emission of lower than 100 gCO₂/kWh. Sustainalytics considers this threshold and investments in renewable energy under the Framework to be in line with market practice.
 - In addition to investing directly in projects, the Fund intends to procure electricity via virtual power purchase agreements (VPPAs) and physical power purchase agreements (PPAs). The Fund confirms that PPAs and VPPAs will be long-term agreements of at least five years, which Sustainalytics views to be aligned with market practice.
- Under the Eco-Mobility category, the Fund may invest in a range of infrastructure projects that promote the use of low-carbon transportation in urban areas. This includes electric-vehicle charging stations and infrastructure that supports cycling, including bicycle racks and end-of-trip facilities that support bicycle commutes into urban areas.
 - AXA CEF has communicated to Sustainalytics that expenditures under this category for end-of-trip facilities will be expressly designed for users of low-carbon transport and that facility components such as lockers, change-rooms and shower facilities will be a part of and connected to a primary low-carbon transport infrastructure expenditure. This is in line with market practice.
- Under the Waste Management category, the Fund intends to finance waste management services that will facilitate the segregation of waste, separation of recyclable materials and the storage and removal of waste from properties in which AXA CEF is invested.
- Project Evaluation and Selection:
 - AXA CEF's internal process for evaluating and selecting projects under the Framework is managed by a cross-functional Green Finance Committee (the "Committee") that reviews, monitors and approves all eligible green projects that meet the Fund's core criteria: i) substantially contribute to addressing climate change or natural resource preservation while doing no significant harm; ii) align with AXA CEF's ESG Strategy;¹² and iii) meet the Framework's use of proceeds requirements. The Committee is chaired by AXA IM Alts' Global Head of Responsible Investment and will include the Company's most senior executive management group and the Fund's manager. Final approval of projects for investment will be provided by the Company's Responsible Investment Steering Committee, chaired by the Global Head of Real Estate of AXA IM Alts. For refinancing activities, eligible projects are subject to a look-back period of 36 months prior to the issuance of financing instruments under the Framework.
 - Allocation decisions made under the Framework will be subject to AXA CEF's internal procedures that incorporate ESG factors such as climate change, biodiversity, and human rights, among other factors. Sustainalytics considers these environmental and social risk assessment and mitigation processes to be adequate and in line with market practice. See Section 2 for further details.
 - Based on the above, Sustainalytics considers the project selection and evaluation process to be in line with market practice.
- Management of Proceeds:
 - AXA CEF's Committee is responsible for the allocation and tracking of all proceeds to eligible projects under the Framework. The allocation process is overseen by the Chair of the Committee. The Fund intends to fully allocate the proceeds of each finance instrument within 24 months of issuance. Pending allocation, AXA CEF may temporarily use unallocated net proceeds to repay existing debt or hold in cash or other liquid marketable instruments in line with AXA CEF's cash management policy. AXA CEF has confirmed that only existing debt eligible under this Framework will be repaid.
 - Based on the clear delegation of authority and the disclosure of the management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - AXA CEF commits to publishing an allocation report on its website within 12 months of each instrument's issuance and then annually thereafter until the full allocation of proceeds. Allocation reporting is expected to include the total amount of proceeds allocated to eligible green projects per category, the list of eligible green projects, the percentage of coverage or value of assets with green building certifications defined in the Framework and the balance of unallocated proceeds.
 - The Fund intends to publish an Impact Report on its website on an annual basis that will provide details on the category-level impacts of investments and KPIs, such as: i) the annual GHG

¹² AXA CEF Green Finance Framework, at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance>

emissions avoided or reduced; ii) annual energy savings; iii) renewable energy capacity added; iv) the annual amount of waste recycled; v) the annual reduction in water consumption; and vi) the annual energy efficiency gain from regional baseline. Sustainalytics considers the allocation and impact reporting to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the AXA CEF Green Finance Framework aligns with the four core components of the GBP and the GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of AXA CEF

Contribution of the Framework to AXA CEF's sustainability strategy

As a managed fund, AXA CEF applies AXA IM Alts' sustainability strategy, which is determined by AXA's Real Assets Global Sustainability Team. Sustainalytics is of the opinion that AXA IM Alts demonstrates a clear commitment to integrating sustainability considerations in its investments, with a focus on the following pillars: i) decarbonization – measuring and reviewing asset performance against the Paris Agreement targets and the transition to a low-carbon economy; ii) resilience – identifying emerging physical and transitional risks related to climate change to inform investment decisions; and iii) building tomorrow – identifying new opportunities to create and enhance value across its business.¹³

Under the first pillar, the Company has committed to reducing the emissions of each of its assets by 20% by 2025 and reducing its total emissions to net zero by 2050.¹⁴ In terms of building resilience, AXA IM Alts focuses on building physical and transitional resilience by identifying and mitigating risks to support the transition to a low-carbon economy.¹⁵ As part of its third pillar, the Company aims to identify new opportunities to create positive social and environmental impacts, with a focus on minimizing potential risks.¹⁶

As of the end of 2021, AXA IM Alts has invested EUR 36.3 billion in certified real estate assets 6.6 billion in low-carbon infrastructure. In 2018, the Company introduced initiatives to reduce the carbon emissions associated with its direct real estate assets under management, such as replacing lighting systems with LED, implementing an Energy Management Plan and switching to a green energy provider.¹⁷ At the fund level, AXA CEF undertakes Global Real Estate Sustainability Benchmark (GRESB) assessments, which evaluate the Fund's ESG implementation, measurement, management and policy, signaling a commitment to integrating sustainability into its approach.¹⁸ The Fund has established a set of KPIs to monitor its ESG performance, including but not limited to the monitoring of EPC levels, independent certification, utility data coverage, carbon emissions data and carbon intensity data.¹⁹ Furthermore, the Fund monitors the KPIs on a quarterly basis and shares this data with investors periodically.²⁰

Sustainalytics is of the opinion that the AXA CEF Green Finance Framework is aligned with AXA IM Alts' overall approach to sustainability and believes that the activities in the Framework will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to occupational health and safety; community relations and stakeholder participation; land use and biodiversity risks associated with large-scale infrastructure development; and emissions, effluents and waste generated in the construction of large-scale infrastructure development projects.

Sustainalytics is of the opinion that AXA IM and AXA IM Alts are able to manage or mitigate potential risks through the implementation of the following:

¹³ AXA IM Alts, "Responsible Investing", at: <https://alts.axa-im.com/responsible-investing>

¹⁴ AXA CEF Green Finance Framework, at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance>

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ AXA IM – Real Assets, "2019 Real Assets ESG highlights", at: <https://www.corporateregister.com/search/report.cgi?num=139639-DuqMduF6Q8U>

¹⁸ AXA CEF Green Finance Framework, at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance>

¹⁹ Ibid.

²⁰ Ibid.

- AXA CEF has an ESG strategy which is applied to all its investment decisions with a view to mitigate risks. According to the ESG strategy, AXA CEF considers the following factors at investment proposal stage and are reviewed by AXA IM Alts' Investment Committee members at the final investment decision-making stage: i) energy performance of assets as proxy for transitional liquidity risk, ii) climate risk assessment, iii) independent certification level indicating quality, performance and compliance with EU taxonomy requirements iv) counterparty risk, Anti Money Laundering (AML), Know Your Customer (KYC) and compliance with exclusion policy requirements and v) internal ESG score which restricts investments that carry material ESG risks, especially related to climate change, biodiversity and human rights.²¹
- AXA is a member of various international organizations that promote a sustainable development agenda.²² AXA has been a signatory to the UN Global Compact Principles since 2003, indicating its commitment to environmental and social responsibility and respect for human rights.²³ Moreover, AXA IM has been a signatory to the UN Principles for Responsible Investment since 2007, demonstrating a commitment to integrating ESG considerations into its investment processes.²⁴ Further, AXA has a Human Rights Policy aimed at preventing human rights violations in relation to its activities and internal operations.²⁵
- AXA has established a Responsible Investment Policy,²⁶ which covers AXA's general account assets totaling more than EUR 500 billion.²⁷ AXA's Responsible Investment Committee is responsible for the implementation and monitoring of the Responsible Investment Policy. AXA integrates ESG considerations into its investment activities by conducting ongoing research across its assets. This includes a materiality assessment of each asset's underlying risks to inform the development of asset-specific resilience and adaptation plans. As part of this ESG analysis, AXA has defined minimum issuer-level ESG standards and subsequently excludes investments in underperforming issuers. AXA IM Alts has confirmed that these ESG considerations have been incorporated into the Fund's strategy.
- To mitigate risks relating to emissions, AXA established an environmental management system in 2012, through which it annually reports on key environmental dimensions, such as CO₂ emissions, water consumption and waste production.²⁸
- To mitigate risks related to biodiversity loss, AXA established a policy on ecosystem protection, deforestation and natural World Heritage sites in October 2021.²⁹ AXA IM Alts has confirmed that the Company follows AXA's policy on ecosystem protection, deforestation and natural World Heritage sites. AXA is also committed to conserving biodiversity as a founding member of the Taskforce on Nature-related Financial Disclosures,³⁰ which is developing a reporting framework to enable financial institutions to identify economic activities that have a direct or indirect material impact on biodiversity.³¹

Based on these policies, standards and assessments, Sustainability is of the opinion that AXA IM Alts and, per extension, AXA CEF follow adequate measures and are well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All five use of proceeds categories are aligned with those recognized by the GBP and the GLP. Sustainability has focused on two below where the impact is specifically relevant in the local context.

²¹ AXA CEF Green Finance Framework, at: <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance>

²² AXA, "Partnerships & Memberships", at: <https://www.axa.com/en/about-us/commitments>

²³ UNGC, "AXA", at: <https://www.unglobalcompact.org/what-is-gc/participants/1048-AXA>

²⁴ PRI, "AXA Investment Managers", at: https://www.unpri.org/signatory-directory/axa-investment-managers/909_article

²⁵ AXA, "Universal Registration Document", (2021), at: https://www.axa-com.cdn.axa-contento-118412.eu/www-axa-com/1ff38792-8e85-47f7-bb00-797134d0db12_axa_urd_2021b_en_accessible.pdf

²⁶ AXA, "AXA Group Responsible Investment Policy", (2020), at: www.axa-com/daadd8ce-58bf-4c1f-bd28-96890bdb51aa_axa_ri_policy_march2020.pdf (www.axa-contento-118412.eu)

²⁷ AXA, "Responsible Investment", at: <https://www.axa.com/en/about-us/investments#tab=responsible-investment>

²⁸ AXA, "Universal Registration Document 2021 – Annual Financial Report", (2021), at: https://www.axa-com.cdn.axa-contento-118412.eu/www-axa-com/1ff38792-8e85-47f7-bb00-797134d0db12_axa_urd_2021b_en_accessible.pdf

²⁹ Ibid.

³⁰ Taskforce on Nature-related Financial Disclosures: <https://tnfd.global/>

³¹ AXA, "Universal Registration Document 2021 – Annual Financial Report", (2021), at: https://www.axa-com.cdn.axa-contento-118412.eu/www-axa-com/1ff38792-8e85-47f7-bb00-797134d0db12_axa_urd_2021b_en_accessible.pdf

The importance of green buildings and energy efficiency in the EU

The building sector accounts for 36% of the EU's total CO₂ emissions and 40% of its energy consumption.³² Moreover, approximately three-quarters of the building stock in the EU is energy inefficient.³³ In order to steer the EU towards improving buildings' energy efficiency, all member countries were required to establish a long-term strategy that supports the achievement of a highly energy efficient and decarbonized building stock by 2050, with a roadmap of clear milestones for 2030, 2040 and 2050.³⁴

As part of the Climate Target Plan 2030, the EU aims to reduce GHG emissions by at least 55% by 2030 compared to 1990 levels.³⁵ In order to achieve this target, GHG emissions of the EU's building stock should be reduced by 60%, the buildings' final energy consumption by 14% and energy consumption for heating and cooling by 18%.³⁶ Improving the energy efficiency of the current building stock in combination with the construction of new energy efficient buildings is also important for achieving the EU's carbon neutrality goal by 2050.³⁷ In order to meet this goal, the European Commission proposed the European Green Deal to tackle climate change and environmental degradation, highlighting the role of energy efficiency in buildings.³⁸

Sustainalytics is of the opinion that AXA CEF's investments in green buildings and energy efficiency real estate projects are expected to have a positive environmental impact and contribute to the EU's efforts towards meeting short- and long-term climate targets.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the AXA CEF Green Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Eco-Mobility	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Water Management	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

³² European Commission, "In Focus: Energy efficiency in buildings", (2020), at: https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en

³³ Ibid.

³⁴ European Commission, "Directive (EU) 2018/844 of the European Parliament and of the Council", (2018), at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.156.01.0075.01.ENG

³⁵ European Commission, "A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives", (2020), at: https://eurlex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

³⁶ Ibid.

³⁷ European Commission, "European Climate Law", (2021), at: https://ec.europa.eu/clima/policies/eu-climate-action/law_en

³⁸ European Commission, "A European Green Deal", at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

Conclusion

AXA CEF has developed the AXA CEF Green Finance Framework, under which it may issue green bonds, loans or other finance instruments and use the proceeds to finance or refinance, in whole or in part, existing or future eligible green projects. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impact.

The AXA CEF Green Finance Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the AXA CEF Green Finance Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceed categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that AXA CEF has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that AXA CEF is well positioned to issue green bonds, loans or other financial instruments and that the AXA CEF Green Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	AXA Investment Managers
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	AXA CEF Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	December 08, 2022
Publication date of review publication: Original publication date:	Update to AXA CEF Green Finance Framework SPO published by Sustainalytics on 26 May 2021.

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Green Building, Energy Efficiency, Renewable Energy, Eco-Mobility and Waste Management – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11, and 12.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input checked="" type="checkbox"/> Other (please specify): Waste Management, Eco-Mobility |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

AXA CEF's cross-functional Green Finance Committee manages the internal process for evaluating and selecting projects under the Framework and reviews, monitors and approves all eligible green projects. This process includes an assessment of environmental and social risks based on its ESG strategy, which is applied to all investment decisions including all allocation decisions made under the Framework. Sustainalytics considers this process to be adequate and aligned with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

AXA CEF's Green Finance Committee is responsible for allocating and tracking all proceeds to eligible projects under the Framework. The Chair of the Green Finance Committee oversees the process for managing proceeds. The proceeds of each instrument are intended to be allocated within 24 months of issuance. Any unallocated proceeds may be temporarily used for the repayment of existing debt or held in cash or other liquid instruments. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

AXA CEF intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Reporting details will include details such as the total proceeds allocated to each category, the eligible green projects with a look-back period of 36 months and the balance of unallocated proceeds. In addition, AXA CEF is committed to reporting on relevant impact metrics on an annual basis. Sustainalytics views this allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts Green Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
- Decrease in water use Other ESG indicators (please specify): Several quantitative and qualitative metrics as outlined in the Framework

Frequency

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify): Issuer's website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

- <https://alts.axa-im.com/investment-expertise/real-estate-equity/axa-core/bonds-issuance>
- <https://alts.axa-im.com/responsible-investing>
- https://www.axa-com.cdn.axa-contento-118412.eu/www-axa-com/1ff38792-8e85-47f7-bb00-797134d0db12_axa_urd_2021b_en_accessible.pdf

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification

- Verification / Audit Rating
 Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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