

This document provides disclosure requirements according to Article 10 of Regulation (EU) 2019/2088, for the financial products referred to in Article 8 of the Regulation

Product name: AXA IM Japan Small Cap Equity

Legal entity identifier: 2138004CBMR82UN7BD86

Summary

Environmental or Social characteristic promoted by the Financial Product

The environmental and social characteristics promoted by the Financial Product consist of investing in issuers considering their carbon intensity.

The environmental and social characteristics promoted by the Financial Product consist of preserving water investing in issuers that consider 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 or social characteristics promoted by this Financial Product.

Financial Product's partial investments in sustainable assets

The Financial Product intends to partially invest in assets considered as sustainable relying mainly on:

1. UN Sustainable Development Goals (UN SDGs): investee companies which contribute positively to at least one UN SDG in accordance with that the UN SDG reference framework
2. Engagement in a robust transition pathway based on the framework developed by the Science Based Targets Initiative (SBTI)

AXA IM considers that an investment "significantly harms" sustainability factors if the investee company:

- falls within the AXA IM ban-lists, or
- receives a low ESG score according to AXA IM's ESG scoring methodology, or
- has a significantly negative score on any of the UN SDGs

AXA IM also applies specific policy to ensure good governance practices of investee companies.

Asset allocation planned for the Financial Product

The Financial Product aims to plan its assets' allocation as presented in the graph above. 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 or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied 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.

Financial Product's investment strategy

The Investment Manager selects investments by applying an extra-financial approach based on the exclusion filters as described in AXA IM's Sectorial Exclusion and ESG Standards Policies.

Those sectorial exclusions cover areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. The ESG Standards encompass specific sectorial exclusions such as tobacco and white phosphorus weapons and exclusion of 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. More details on those policies are available under the following link: Policies and reports | AXA IM Corporate (axa-im.com) <https://www.axa-im.com/our-policies-and-reports>

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. Indirectly, through its investments into the Master, the Financial Product also applies the AXA IM's Environmental, Social and Governance standards policy ("ESG Standards") 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. More details on those policies are available under the following link: Policies and reports | AXA IM Corporate (axa-im.com) <https://www.axa-im.com/our-policies-and-reports>

More details and information are presented in the Financial Product's website disclosures and in its SFDR precontractual annex notably on AXA IM's SFDR sustainability framework, minimum asset allocation planned by the Financial Product, monitoring of environmental or social characteristics promoted, underlying data and due diligence.

WEBSITE PRODUCT DISCLOSURE

No sustainable investment objective

This Financial Product promotes environmental or social characteristics but does not have as its objective sustainable investment.

The Financial Product intends to partially invest in sustainable investment with a minimum 10% of its NAV.

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, Labor 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).

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product partially intends to make means that an investee company cannot qualify as sustainable if it meets any of the criteria listed below:

- The issuer causes harm along 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. This criterion is applied on the investee companies that are considered as sustainable.
- 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. This criterion is applied on the entire portfolio.
- 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 external data provider as primary inputs assessing data points across Environment, Social and Governance (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. This criterion is applied on the entire portfolio.

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

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 (as described 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. No specific threshold or comparison with reference value have been defined within the DNSH approach.

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.

Exclusion Policies:

- Environmental:

Relevant AXA IM policies	PAI indicator
Climate Risk policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2, & 3 starting 01/2023)
Ecosystem Protection & Deforestation policy	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) ¹	PAI 6: Energy consumption intensity per high impact climate sector
Ecosystem Protection & Deforestation policy	PAI 7: Activities negatively affecting biodiversity sensitive areas

- Social and Governance:

Relevant AXA IM policies	PAI Indicator
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) ²	PAI 11: Lack of processes and compliance mechanisms to monitor compliance with 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

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.

Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Financial Product consist of investing in issuers considering their carbon intensity.

The environmental and social characteristics promoted by the Financial Product consist of preserving water investing in issuers that consider 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.

¹ The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively. Not all high impact climate sectors are targeted by the exclusion policy for the time being.

² The approach used to mitigate the PAI indicators through this exclusion policy will evolve as the improvement in data availability and quality enables us to use the PAI more effectively.

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

The Financial Product intends to invest in instruments qualifying as sustainable investments by assessing the positive contribution of investee companies through at least one of the following dimensions:

1. UN Sustainable Development Goals alignment (SDG) of investee companies as reference framework, considering companies which contribute positively to at least one SDG according to a best-in-universe selectivity approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity to be considered as a sustainable asset and demonstrate a contribution to an environmental and/or social factor(s), a company must satisfy the following criteria :

a. the SDG scoring related to the “products and services” offered by the issuer is equal or above 2, corresponding to at least 20% of their revenues being derived from a sustainable activity, or using a best in universe approach consisting of giving priority to the issuers best rated from a non-financial viewpoint irrespective of their sector of activity,

b. the SDG scoring of the issuer’s operations is on the better top 2.5%, except in consideration to the SDG-5 (gender equality), SDG 8 (decent work), SDG 10 (reduced inequalities), SDG 12 (Responsible Production and Consumption) and SDG 16 (peace & justice), for which the SDG scoring of the issuer’s Operation is on the better top 5%. For SDG 5, 8, 10 and 16 the selectivity criteria on issuer’s “Operations” is less restrictive as such SDGs are better addressed considering the way the issuer carries their activities than the Products and Services offered by the investee company. It is also less restrictive for SDG 12 which can be addressed through the Products & Services or the way the investee company carries their activities.

The quantitative SDG results are sourced from external data providers and can be overridden by a duly supported qualitative analysis performed by the Investment Manager.

The assessment is done at entity level and an investee company that satisfies the contribution to UN SDG criteria outlined above is considered as sustainable.

2. Integration of issuers engaged in a solid Transition Pathway consistently with the European Commission’s ambition to help fund the transition to a 1.5°C world - based on the framework developed by the Science Based Targets Initiative, considering companies which have validated Science-Based targets.

Those methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

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

Investment strategy

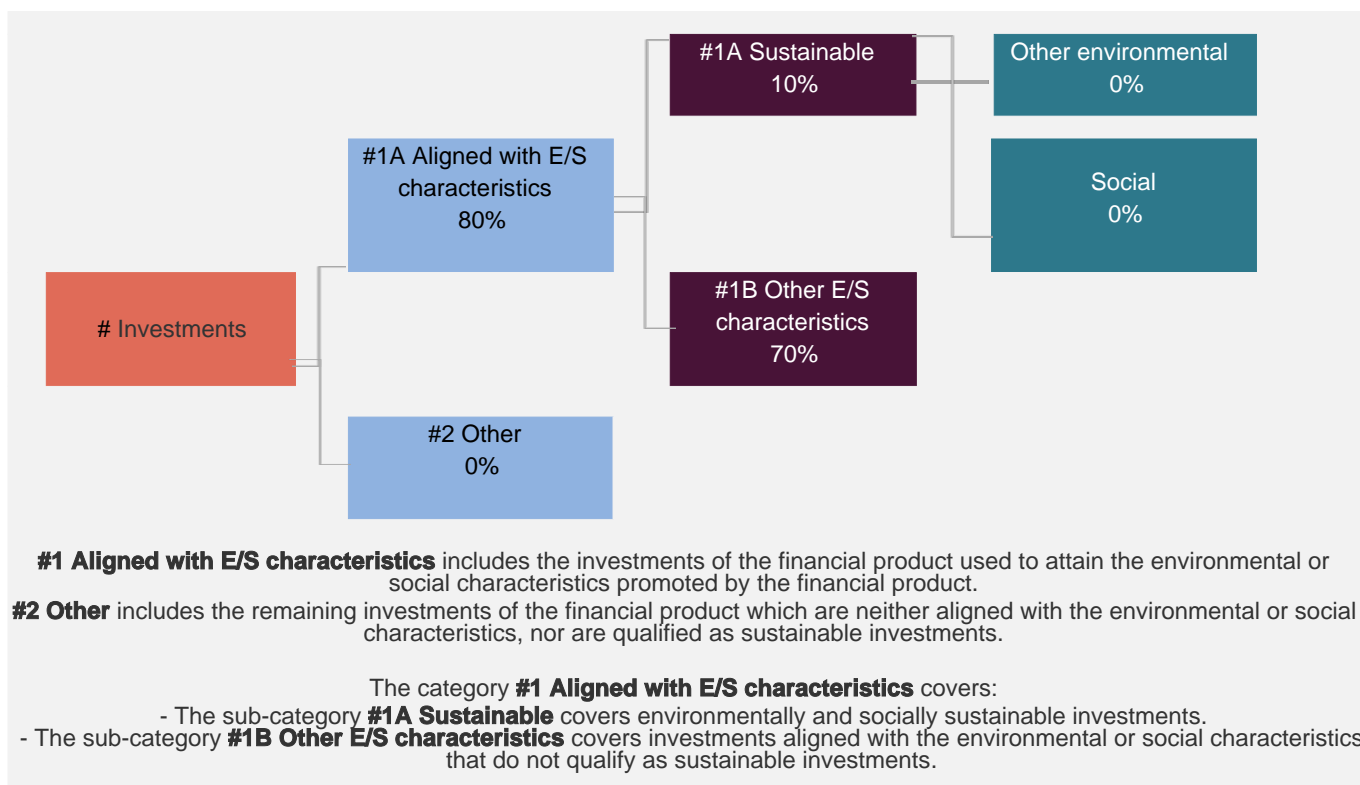
The Financial Product bindingly applies at all times the following elements described below.

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. Indirectly, through its investments into the Master, the Financial Product also applies the AXA IM’s Environmental, Social and Governance standards policy (“ESG Standards”) 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. More details on those policies are available under the following link: Policies and reports | AXA IM Corporate (axa-im.com) <https://www.axa-im.com/our-policies-and-reports>

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, Labor and Environment and as such, provide a methodology to help assess the good governance practices of an issuer, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. 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 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.

Proportion of investments



The Financial Product aims to plan its assets' allocation as presented in the graph above. 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 or social characteristics promoted by the Financial Product is 80% of the Financial Product Net Asset value.

The planned minimum proportion of sustainable investments of the Financial Product where that Financial Products commits to making sustainable investments is 10% of the Financial Product Net Asset Value.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied 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.

The remaining "Other" investments will represent a maximum of 20% of the Financial Product Net Asset Value. 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/or Social criteria described in this appendix. Such assets may be equity instruments, derivatives investments and investment collective schemes that do not promote environmental or social characteristics and that are used to attain the financial objective of the Financial Product and / or for diversification and / or hedging purposes.

Environmental or social safeguards 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.

Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the Financial Product are reflected in monitoring tool and monitored by AXA IM Risk and Control team at all times through the ban-lists established by AXA IM RI Research team on each exclusion policy described above. Ban-lists are built based on criteria defined in AXA IM policies that are presented under the following link: <https://www.axa-im.com/our-policies-and-reports>. The exclusion list is updated on an annual basis unless a specific event requires an intermediate revision or a delay in the publication of data from AXA IM sources which may postpone the update. Any updates are approved by dedicated governance body.

The sustainability indicator is reported to investment team in a specific report.

The Financial Product is investing in assets considered as sustainable under SFDR meeting the criteria defined by AXA IM and detailed above. AXA IM Risk and Control team monitors at all time the commitment of the Financial Product to invest a minimum proportion of its Net Asset Value in assets considered as sustainable under AXA IM SFDR framework.

Methodologies for environmental or social characteristics

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

The weighted average Carbon Intensity of the Financial Product and of its [Include manually the type of comparison and the name], defined as the amount of GHG emissions per tons per millions \$ revenue released into the atmosphere, expressed in CO₂e tons per millions \$ revenue.

The weighted average Water Intensity of the Financial Product and of [Include manually the type of comparison and the name], represents the amount of water diverted for use by the organization from all sources, including but not limited to surface, ground, saltwater, and municipal. Includes cooling water. It is expressed in cubic meters and is provided by an external data provider.

Data sources and processing

The AXA IM sectorial and ESG Standards' ban-lists are prepared using information from external data providers. Data providers used to define those exclusion lists are detailed at the following link: <https://www.axa-im.com/our-policies-and-reports>. Ban lists are prepared and updated by AXA IM Responsible Investment Research team and approved by a dedicated governance body.

The ESG Scores rely on an external data provider (MSCI) coupled with an overlay of AXA IM's own fundamental and documented ESG analysis. The proportion of data that are estimated is considered as being in the high range. Those ESG analysis are reviewed and approved in a dedicated governance body, the ESG Assessment and Review Committee.

The Carbon Intensity sustainability indicator is relying on an external data provider Trucost. These data are updated on an annual basis. The proportion of data that are estimated is considered as being in the high range.

The Water Intensity sustainability indicator is relying on an external data provider Trucost. These data are updated on an annual basis. The proportion of data that are estimated is considered as being in the high range.

AXA IM sustainable investment framework is relying on an external data provider with regards to the assessment of corporate issuers' contribution to UN SDG (currently ISS Oekom). These data are updated on a bi-annual basis. The proportion of data that are estimated is considered as being in the high range.

AXA IM may change third party data providers at any time and at its own discretion and this may lead to changes to the data used for the same instruments or investments in the future.

AXA IM has been working with ESG data providers for several years and performs a due diligence on the methodology and outputs when selecting them. To make the best possible choices, the strengths and weaknesses of each data provider were reviewed and compared to determine factors such as coverage, data quality, alignment with sustainability-related regulations, calculation methodologies and level of transparency on these methodologies, update frequency and cost. When selected, AXA IM also performs regular checks on such external data providers. Regarding ESG scores and Sustainable Investment methodology in particular, each refresh of data is subject to a review as per our internal governance with an involvement from the risk department, quantitative experts and investment teams.

Data is received generally from automated data feeds. Values are cascaded to relevant associated issuers or securities and are then processed to aggregate instrument level data at portfolio level. Appropriate controls on aggregation are performed by quant analysts. Data is stored in AXA IM data management system and is made available to various teams (mainly quant analysts, investment teams, risk and control). Investment teams have access to ESG data of which related to sustainability indicators and sustainable assets through AXA IM Front Office tools.

More information on data providers, measures and any relevant governance bodies taken to ensure data quality and governance on data is available in AXA IM Climate report at the following link: <https://www.axa-im.com/sites/corporate/files/insight/pdf/axa-im-Art-173-TCFD-report%202021.pdf>

Limitations to methodologies and data

Methodologies may evolve in the future to take into account any improvements for example in data availability and reliability, or any developments of, but not limited to, regulations or other external frameworks or initiatives.

AXA IM relies largely on third-party data providers on ESG related data. Ultimately, data coming from either the issuers' reporting or external providers might not be equally calculated due to different measurement methodologies or an embedded risk of error. AXA IM may also change third party data providers at any time and at its own discretion and this may lead to changes and hence limitations to the data used for the same instruments or investments.

However, AXA IM conducts some due diligences on data or methodologies that could prevent any limitations in the attainment of environmental or social characteristics promoted by the Financial Product.

Due diligence

AXA IM sectorial exclusion policies encompass areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation. AXA IM's Environmental, Social and Governance standards policy ("ESG Standards") integrates specific sectorial exclusions such as tobacco and white phosphorus weapons, includes violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises and excludes investment companies which are involved in severe ESG-related incidents and investments in issuers with a Low ESG quality. Instruments issued by countries where serious specific categories of violations of Human Rights are observed are also banned. More details on those policies are available at <https://www.axa-im.com/our-policies-and-reports>

AXA IM's exclusion policies and ESG standards are reviewed annually by our Compliance and RI Coordination teams and updated accordingly. Based on these policies and standards, our responsible Investment Research team draws up ban lists which are then implemented into our systems to be monitored.

The Financial Product's other extra-financial commitments are also implemented through our monitoring tool which take into account other regulations and extra-financial guidelines (such as, but not limited to, Label guidelines). The parameters used for the monitoring are reviewed by our Compliance team before being implemented into our monitoring tools.

These due diligence processes' implementation and monitoring are controlled internally by our Compliance team to ensure compliance with applicable regulatory norms.

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.

An engagement action can be initiated with corporate issuers subject to severe controversies with progress of engagement activities is monitored by RI dedicated governance committee.

More details on AXA IM Stewardship policies are available at <https://www.axa-im.com/document/4678/view> and AXA IM last stewardship report is available at <https://www.axa-im.com/who-we-are/stewardship-and-engagement>

Designated reference benchmark

Not Applicable