

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: AXA WORLD FUNDS - ACT HUMAN CAPITAL (the "Financial Product")

Legal entity identifier: 2138002K7PEDAMUO9B79

Sustainable Investment Objective

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

<p>Does this financial product have a sustainable investment objective?</p> <p> <input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> YES <input type="radio"/> <input type="radio"/> <input type="checkbox"/> NO </p>	
<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __ %</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 51.0 %</p>	<p><input type="checkbox"/> 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 % of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>



What is the sustainable investment objective of this financial product?

Sustainability Indicators measure how the sustainable objectives of this financial product are attained.

The Financial Product seeks a sustainable investment objective to advance the United Nations Sustainable Development Goals (SDGs) with a focus on the social themes by investing into companies whose business models and/or operational practices are aligned with targets defined by one or more SDGs and that create financial and societal value and by applying an impact approach with a focus on Human capital management.

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 either through the Products and Services they offer or the way they carry their activities (“Operations”). To be considered as a sustainable asset, a company must satisfy the following criteria:
 1. 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
 2. 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, 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.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective of this Financial Product.

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.

- **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The sustainability indicator used to measure the attainment of the support on the long run the UN SDGs with a focus on the social themes, such as the promotion of education and labor upskilling (SDG 4) and the promotion of inclusive economic growth and decent work for all (SDG 8) is the 'Human Capital Score' of the Financial Product and of the benchmark index composed of 50% STOXX Europe Small 200 Total Return Net + 50% STOXX Europe Mid 200 Total Return Net (the "Benchmark").

The 'Human Capital score' is based on the ESG scoring methodology and data points on the Social pillar from an external data provider as primary inputs. Data points are assessed across Human Capital theme that includes the 4 following "Key Issues": labor management, human capital development, health & safety and supply chain labor standards. Human Capital score is calculated based on the weighted average of the underlying Key Issue's scores. AXA IM analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the rating provided that it is approved by AXA IM dedicated internal governance body.

- **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The application of the Do No Significant Harm Principle for the sustainable investments the Financial Product intends to make means that the following companies cannot qualify as sustainable if they meet 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 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. 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. 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

- **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 factors 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.

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.

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:

- 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) 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
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) ²	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

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 investments³.

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

[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

[3] Except for GSSBs (Green, Social and Sustainability Bonds)

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?**

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).



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:

(i) 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 impact on those specific PAI indicators:

	Relevant AXA IM policies	PAI indicator
Climate and other environment related indicators	Climate Risks policy	PAI 1: Green House Gas (GHG) emissions (scope 1, 2 & 3 starting 01/2023)
	Ecosystem protection & Deforestation policy	
	Climate Risks policy	PAI 2: Carbon Footprint
	Ecosystem Protection & Deforestation policy	
	Climate Risks policy	PAI 3: GHG intensity of investee companies
	Ecosystem Protection & Deforestation policy	
	Climate Risks policy	PAI 4: Exposure to companies active in the fossil fuel sector
	Climate Risks policy (engagement only)	PAI 5: Share of non-renewable energy consumption and production
	Ecosystem Protection & Deforestation policy	PAI 7: activities negatively affecting biodiversity sensitive areas
Social and Employee Respect for Human Rights, Anti-Corruption and Anti-Bribery matters	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

(ii) Principal adverse impacts are also considered quantitatively through the PAI indicators' measurement and reported annually in the SFDR annex in the periodic reporting. The objective is to provide transparency to investors on significant negative impact on other sustainability factors. AXA

IM measures all the mandatory PAI indicators, plus additional optional environmental indicator and additional optional social indicator.



What investment strategy does this financial product follow?

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

In line with the sustainable investment objective described above, the Financial Product is actively managed with a Responsible Investment (RI) process in order to capture opportunities in European equity market, by mainly investing in equities of companies that are part of a benchmark index composed of 50% STOXX Europe Small 200 Total Return Net + 50% STOXX Europe Mid 200 Total Return Net (the “Benchmark”). For the sake of clarity, the Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product, but is used as a reference for its financial objective.

The Financial Product aims to support on the long run the SDGs established by the United Nations with a focus on the social themes, such as the promotion of education and labour upskilling (SDG 4) and the promotion of inclusive economic growth and decent work for all (SDG 8).

The Financial Product is also managed using a socially responsible investment (SRI) approach and the binding elements of the investment strategy described below.

Moreover, the Financial Product bindingly uses at all times a socially responsible investment ‘Best-in-Class’ selectivity approach. This selectivity approach consists in removing at least the 20% worst values of the investment universe, that is defined as equities of small and medium capitalisation companies domiciled or listed in the European geographical area, based on a combination of AXA IM’s Sectorial Exclusions and ESG Standards policies and their extra-financial scores with a focus on the Human Capital score composed of three equally weighted factors, which are Career Management, Working Conditions and Social Dialogue, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

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 Financial Product also apply 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 \(axa-im.com\)](#)
2. The Financial Product also bindingly applies at all times AXA IM’s Impact approach for listed assets according to which the Investment Manager applies an impact approach in the securities selection process, which considers five key pillars: intentionality (securities targeting a specific positive environmental or social outcome), materiality (investments in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both), additionality (decisions are judged on the likely ability to resolve unmet environmental or social needs),

negative consideration (company's corporate practices or products and services may significantly undermine the positive impact it is generating elsewhere) and measurability (clear methodology and commitment to measuring and reporting the social performance of investments).

The Financial Product bindingly commits to have at all times at least 70% of assets invested in companies which have been assessed internally through the above-mentioned impact assessment approach.

3. Moreover, the Financial Product bindingly uses at all times a socially responsible investment 'Best-in-Class' selectivity approach. This selectivity approach consists in removing at least the 20% worst values of the investment universe, that is defined as equities of small and medium capitalisation companies domiciled or listed in the European geographical area, based on a combination of AXA IM's Sectorial Exclusions and ESG Standards policies and their extra-financial scores with a focus on the Human Capital score composed of three equally weighted factors, which are Career Management, Working Conditions and Social Dialogue, to the exception of bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets.

The investments in securities outside the investment universe, as defined above, is limited to maximum 10% of its net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets, and on the condition that the issuer is eligible based on the selectivity criteria.

The scope of the eligible securities is reviewed every 6 months at the latest.

4. The Financial Product further outperforms the Benchmark on the following extra financial key performance indicators (KPIs): Carbon Intensity and Women on Board.

The following coverage rates apply within the Financial Product's portfolio (expressed as of a percentage of net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and Solidarity Assets): i) 90% for the ESG analysis, (ii) 90% for the Carbon Intensity indicator and iii) 70% for the Women on Board indicator.

5. Finally, where the Financial Product invests in assets in the context of IPOs and/or Spin-offs that should not exceed 10% maximum of the Net Asset Value of the Financial Product and such investments are made under the condition that they are considered, by the Investment Manager, as being sustainable based on an initial qualitative analysis. Pending the disclosure of sustainability-related data by the issuer and a third-party analysis and scoring based on this data, our initial qualitative analysis will be periodically reviewed as determined in AXA IM Sustainable Investment Framework.

The ESG data (of which ESG score or SDG score wherever relevant) used in the investment process are 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.

The scope of the eligible securities is reviewed every 6 months at the latest, as described in the transparency code of the Financial Product.

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

The Financial Product doesn't invest in companies which cause, contribute or are linked to violations in a material manner of international norms and standards that 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,

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

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.



What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

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 sustainable investment objective in accordance with the binding elements of the investment strategy is 80.0 % of the Financial Product Net Asset value.

The remaining "Not Sustainable" investments will represent a maximum of 20% of the Financial Product Net Asset Value. Remaining "Other" investments are used for hedging or liquidity and portfolio management of the Financial Product. Minimum environmental or social safeguards based on AXA IM exclusion policies are assessed and applied on all "Other" assets.

- **How does the use of derivatives attain the sustainable investment objective?**

Not applicable

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 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 bond



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

The Financial Product doesn't take into consideration the criteria of the EU Taxonomy environmental objectives. The Financial Product is not considering the 'do not significantly harm' criteria of the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



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

Not applicable



What is the minimum share of sustainable investments with a social objective?

The minimum share of sustainable investments with social objective is 51.0 % of the Financial Product Net Asset value.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The remaining “Not Sustainable” investments will represent a maximum of 20% of the Financial Product Net Asset Value. The “#2 Not sustainable” assets may consist in:

- derivatives used in hedging strategies or used for liquidity management purpose and,
- 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

Minimum environmental and social safeguards are assessed and applied to other not sustainable assets.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable as the designated Benchmark is a broad market index which is not aligned with the sustainable investment objective of the Financial Product.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.



Where can I find more product specific information Online?

More information can be found on the fund center following that link: [Funds - AXA IM Global \(axa-im.com\)](https://www.axa-im.com)

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