



Second-Party Opinion
AXA Logistics Europe Master S.C.A.
Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the AXA Logistics Europe Master S.C.A. Green Finance Framework is credible, 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 Buildings, 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 SDG 7, 9, 11, 12.



PROJECT EVALUATION / SELECTION AXA Logistics’ Europe Master Fund (“ALEM”) internal process in evaluating and selecting projects is overseen by its Green Finance Committee (“GFC”). ALEM’s Responsible Investment Steering Committee supervises final project selection. AXA’s Responsible Investment Policy addresses environmental and social risk management systems and processes through its ESG Framework and methodology and are applicable to all allocation decisions made under the Framework.



MANAGEMENT OF PROCEEDS ALEM’s Chair of the GFC oversees the management of proceeds, which will track allocation of proceeds using an internal tracking mechanism. ALEM intends to allocate the proceeds within 24 months of the issuance. Unallocated proceeds will be temporarily used to pay existing debt, held in cash, cash equivalents or other liquid marketable instruments. This is in line with market practice.



REPORTING ALEM intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include details such as the amount of proceeds allocated to eligible green projects, list of eligible green projects, and unallocated proceeds. In addition, ALEM is committed to reporting on relevant impact metrics. Sustainalytics views ALEM’s allocation and impact reporting as aligned with market practice.

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Introduction

AXA Logistics Europe Master (“ALEM”, or the “Fund”) is an open-ended, perpetual life, balanced core real estate fund with approximately EUR 4.2 billion in real estate assets under management. The Fund was launched in 2019 by AXA IM Real Assets (the “Company”), a part of AXA Group (the “Group”), headquartered in Paris and with assets in continental Europe and the UK. The Fund invests primarily in distribution platforms and warehouses for regional and global hubs, fulfilment centres for e-commerce, cross-dock, freight-forwarding and parcel delivery buildings.

ALEM has developed the AXA Logistics Europe Master S.C.A. Green Finance Framework (the “Framework”) under which it intends to issue green bonds and loans and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that contribute to improving the energy and environmental performance of logistics building stock in Europe. The Framework defines eligibility criteria in five areas:

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Eco-Mobility
5. Waste Management

ALEM engaged Sustainalytics to review the AXA Logistics Europe Master S.C.A. Green Finance Framework, dated October 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)¹ and the Green Loan Principles 2021 (GLP).² This Framework has been published in a separate document.³

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the 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 10.1, 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 ALEM’s 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. ALEM representatives have confirmed (1) they understand it is the sole responsibility of ALEM 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 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.

¹ 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/>.

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

³ The AXA Logistics Europe Master S.C.A. Green Finance Framework is available on AXA Logistics’ website at: <https://realassets.axa-im.com/axa-logistics-europe-fund>

⁴ 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 ALEM.

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.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised 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 ALEM has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the AXA Logistics Europe Master S.C.A. Green Finance Framework

Sustainalytics is of the opinion that the AXA Logistics Europe Master S.C.A. Green Finance Framework is credible and impactful and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of ALEM'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 GLP.
 - ALEM has defined a look-back period of three years for the refinancing of its opex activities. Sustainalytics considers these to be in line with market practice.
 - Within the Green Buildings category, ALEM intends to finance and refinance new and existing, logistics buildings in Europe according to the following criteria:
 - Acquisition or refurbishment of existing buildings that have or are expected to achieve one of the following minimum third-party certifications levels: (i) DGNB "Gold", (ii) BREEAM "Very Good" with a minimum score of 70% in the energy category, (iii) LEED "Gold" or (iv) EPC label A in Belgium, France, the Netherlands, and the UK or EPC label A and B in Germany, Italy, Spain, Sweden, Switzerland, Finland, Norway, Luxembourg, Poland and Austria.
 - Sustainalytics notes the Issuer intends to finance buildings with EPC labels that correspond to the top 15%, however, due to a lack of data, Sustainalytics is unable to confirm the top 15% for Germany, Switzerland, Luxembourg, Poland and Austria.
 - Sustainalytics recognizes that for certain asset classes, BREEAM "Excellent" is considered market practice. However, Sustainalytics notes that existing logistics buildings face additional challenges to achieve higher performance levels such as "Excellent" or above, due to difficulties associated with accessing tenant data for operational logistics buildings. Sustainalytics views favorably ALEM's intention to finance only logistics buildings with a minimum score of 70% in BREEAM's energy category, which, in combination with the criterion of BREEAM "Very Good", is aligned with market expectations for existing logistics buildings.
 - New construction and redevelopment of buildings that either have, or are expected to achieve third-party certification of BREEAM (Excellent or above) or an EPC label A.
 - For Sustainalytics' assessment of these building certification schemes, please refer to Appendix 1.

- Within the Energy Efficiency category, the Fund intends to invest in renovating and refurbishing existing buildings that result in a minimum 30% reduction in carbon emissions intensity or a two letter EPC label improvement, when accompanied by a minimum reduction in Primary Energy Demand by 20%. Capital expenditures in this category are intended for energy efficiency improvements to align asset performance with the Carbon Risk Real Estate Monitor's 1.5-degree scenario,⁵ provided that the aforementioned improvement threshold is satisfied by the expenditures. Sustainalytics notes that a 30% carbon emissions intensity reduction is considered best market practice. Additionally, ALEM may invest in installation, maintenance, and repair of energy efficient equipment and instruments and devices for measuring, regulation and controlling energy performance of buildings. Example expenditures include battery energy storage systems, battery management systems, smart meters and related Internet-of-Things systems to improve and manage energy performance of green buildings. The investments in energy efficient equipment are aligned with market practice.
- With the Renewable Energy category, ALEM intends to finance and refinance the installation, maintenance and repair of solar and geothermal powered projects and technologies, including dedicated support infrastructure of solar photovoltaic building management systems. ALEM has established a 100 gCO₂/kWh direct emissions threshold for geothermal energy projects. Additionally, ALEM may finance and refinance the procurement of renewable energy through Power Purchase Agreements lasting at least five years. Sustainalytics considers all investments under this category as aligned with market practice.
- Within the Eco-mobility category, the Fund intends to finance and refinance installation, repair and maintenance of electric vehicle charging stations and other low-carbon transport end-of-trip supporting infrastructure such as bicycle racks and changing rooms for cyclists. ALEM has communicated to Sustainalytics that expenditures under this category for end-of-trip facilities will be expressly designed for users of low-carbon transport. This is in line with market practice.
- Within the Waste Management category, ALEM intends to finance and refinance projects relating to waste management and disposal. Activities include waste collection, storage and management of waste on site, and management contracts to remove waste from site for processing and recycling. ALEM has confirmed that its waste management activities will support the waste hierarchy and waste segregation at the source. Sustainalytics considers this to be aligned with market practice.
- The Issuer has confirmed that assets under the Framework will comply with AXA IM exclusion policy, which includes controversial weapons, soft commodities, climate risks, and ecosystem protection and deforestation.⁶
- Project Evaluation and Selection:
 - ALEM's internal process for evaluating and selecting eligible assets is overseen by its Green Finance Committee (GFC) that consists of ALEM's Senior Executive Management Group and the Fund Manager. The Committee will be chaired by the Global Head of Responsible Investment.
 - ALEM's Responsible Investment Steering Committee which is chaired by the CEO of AXA IM RA is in charge of the final project selection.
 - The Fund follows AXA IM's Responsible Investment Policy⁷ which includes its ESG Framework and methodology and is applied to all investment decisions under the Framework. Other applicable policies includes Group Human Rights Policy⁸, Labour and Health and Safety⁹ guidelines.
 - Based on the defined internal approach for project selection and involvement of senior management in the process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - ALEM's Chair of the GFC will oversee the process for management of proceeds. Allocation of proceeds will be tracked using existing internal systems. ALEM intends to allocate the proceeds within 24 months of the issuance date of each green finance instrument. Unallocated proceeds will be used for the payment of outstanding debt, and/or will be temporarily held in cash, cash

⁵ Carbon Risk Real Estate Monitor, at: <https://www.crrem.eu/>

⁶ AXA IM "Our Policies", at: <https://www.axa-im.com/our-policies#exclusion-policies>

⁷ AXA IM, "Responsible Investment Policy, at: [20210316-RI Policy_EN_final.pdf \(axa-im.com\)](https://www.axa-im.com/20210316-RI-Policy-EN-final.pdf)

⁸ AXA Group, "Human Rights Policy", at: [Microsoft Word - AXA Group Human Rights Policy - 2021 - Final - ENG.docx \(axa-contento-118412.eu\)](#)

⁹ AXA Group, "AXA Group Health and Safety Policy", (2014), at: [AXA Group Health and Safety Policy \(axa-contento-118412.eu\)](#)

- equivalents, and/or other liquid marketable instruments as per ALEM's cash management policy. ALEM has confirmed to Sustainalytics that debt refinancing excludes any debt associated with carbon-intensive assets or activities.
- Based on the presence of internal tracking mechanism, disclosure on the temporary allocation of proceeds, and allocation commitments, Sustainalytics views this process to be in line with market practice.
 - Reporting:
 - ALEM is committed to report on the allocation of proceeds on its website on an annual basis, until full allocation of proceeds. The allocation report will provide details such as the amount of proceeds allocated to eligible green projects, list of eligible green projects, amount of unallocated proceeds, percentage of coverage or value of assets with green building certifications defined in this Framework, and aggregate amount of proceeds allocated to eligible green projects by category. In addition, ALEM will report on relevant impact indicators on an annual basis until full allocation of proceeds. ALEM intends to have the annual allocation and impact reports externally verified by an external independent auditor. The audit report will be made publicly accessible on AXA IM's website.
 - Sustainalytics considers allocation and impact reporting processes to be aligned with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the AXA Logistics Europe Master S.C.A. Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Performance of ALEM

Contribution of framework to the AXA Logistics Europe Master's sustainability strategy

ALEM aligns to AXA IM's ESG standards policy¹⁰ which demonstrates a commitment to sustainability, focused on three key environmental areas: (i) decarbonization, (ii) building resilience for climate change, and (iii) building tomorrow.¹¹ The Fund's sustainability efforts are guided by AXA IM Real Assets' sustainability strategy and targets. The Company intends to become a net zero carbon asset manager by 2050,¹² with an intermediate target of 20% reduction in operational emission intensity for direct real estate by 2025 compared to 2019 values. The Company also intends to have 75% of its real assets (in AUM) certified with a reputable, independent green building certification scheme by 2030 and a minimum 4-star portfolio rating by GRESB.¹³ Aligned with the Company's target, ALEM intends to achieve 20% reduction in its portfolio carbon intensity by 2022 compared to a 2019 baseline as well as achieve 4-star rating by GRESB.¹⁴

At the core of the Company's ESG strategy is its responsible investment mandate, through which the Company intends to reduce the environment footprint of its investment as well as reduce the future effects of climate change. The Company has integrated negative screening and ESG risk assessment into its investment approach and has developed an ESG scoring methodology to screen investments based on internal benchmarks.¹⁵ As of 2020, AXA IM's green investment portfolio, totaling EUR 26.67 billion, has resulted in 63.6 million tons of CO₂ emissions avoided.¹⁶ The Company is a member of the Net Zero Asset Owner Alliance¹⁷ and reports according to the recommendations of Task Force on Climate Related Disclosures.¹⁸ AXA IM actively supports the AXA Group goal to increase AXA Group's green investments to EUR 25 billion by 2023.¹⁹

¹⁰ AXA Investment Managers, "ESG standards policy" at: <https://www.axa-im.com/who-we-are/environmental-social-and-governance>

¹¹ AXA Investment Managers, "Responsible Investment" at: <https://realassets.axa-im.com/responsible-investment>

¹² AXA Investment Managers, "Climate Action Report", at: <https://www.axa-im.com/who-we-are/our-road-net-zero/tackling-climate-change-starts-within>

¹³ AXA Investment Managers, "Responsible Investment", at: <https://realassets.axa-im.com/responsible-investment>

¹⁴ The AXA Logistics Europe Master S.C.A. Green Finance Framework is available on AXA Logistics' website at: <https://realassets.axa-im.com/axa-logistics-europe-fund>

¹⁵ AXA IM, "Responsible Investment Policy, at: [20210316_RI_Policy_EN_final.pdf \(axa-im.com\)](https://www.axa-im.com/20210316_RI_Policy_EN_final.pdf)

¹⁶ AXA IM, "Climate Action Report", (p9), at: <https://www.axa-im.com/who-we-are/our-road-net-zero>

¹⁷ UNEP FI, "About the Alliance", at: <https://www.unepfi.org/net-zero-alliance/about/>

¹⁸ TCFD, "About" at: <https://www.fsb-tcfd.org/about/>

¹⁹ AXA Group, "Climate report: The decisive decade" at: https://www.axa-com.cdn.axa-contento-118412.eu/www-axa-com/db5d9f4b-4bb9-4029-ad51-b9e0e20301fb_2021_Climate_Report.pdf

Sustainalytics is of the opinion that the ALEM's Green Finance Framework is aligned with the Fund's and Company's overall sustainability strategy and initiatives and will further the Fund's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the net proceeds from the bonds and loans issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, community relations, land use and biodiversity issues associated with infrastructure development, and emissions, effluents, and waste generated in construction.

Sustainalytics is of the opinion that ALEM is able to manage and/or mitigate potential risks through implementation of the following policies set out by AXA Investment Managers, under which the fund is managed:

- AXA IM has implemented a Responsible Investment Policy²⁰ that requires all investment teams to set annual ESG targets for their respective investments. The policy encapsulates AXA IM's Corporate ESG Framework criteria, that consists of six ESG issues namely resources and ecosystem, climate change, human capital, social relations, business ethics and corporate governance, that the fund uses to screen its investments into companies.
- AXA IM has in place an Engagement Policy²¹ and an Exclusionary Policy²² to emphasize direct dialogue with companies on sustainability and governance issues that have a material impact on long-term financial performance. The ESG topics included are climate change, biodiversity, environment resource and ecosystem, labor rights, customer and supply chain management, public health to name a few. The Exclusion Policy also states out a list of activities on which the Company will not conduct any form of investment including controversial weapons.²³ Through these policies the Company intends to mitigate with the ESG risks related to financed projects.
- ALEM follows AXA Group's Health and Safety policy²⁴, which requires all project sites to identify, manage and report operational health and safety issues on site. The policy requires the creation of a local H&S committee to overlook the management and training of all stakeholders regarding health and safety.
- ALEM is a subsidiary of the AXA Group which is a signatory of the UN Global Compact, indicating the Group's commitment to environmental and social responsibility and respect for human rights.²⁵ Since 2012 the Group has been a signatory to the UN Principles for Responsible Investment, demonstrating the Group's commitment to integrating ESG considerations into its investment processes.²⁶

Based on these policies, standards and assessments, Sustainalytics is of the opinion that ALEM has implemented adequate measures and is well-positioned to manage and 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 GLP. Sustainalytics has focused on three below where the impact is specifically relevant in the local context.

Importance of green buildings and energy efficiency in Europe

As of 2018, the buildings sector accounted for approximately 40% of total energy consumption and 36% of CO₂ emissions in the EU, making it the single largest sector of energy consumption and GHG emissions. Therefore, the buildings sector plays an important role in achieving the EU's short-term and long-term climate

²⁰ AXA IM-Real Assets, "Responsible Investment Policy" at: https://www.axa-im.com/sites/corporate/files/2021-08/20210316_RI%20Policy_EN_final.pdf

²¹ AXA IM-Real Assets, "Engagement Policy" at: https://www.axa-im.com/sites/corporate/files/insight/pdf/AXA_IM_Engagement_Policy_Oct_20.pdf

²² AXA IM-Real Assets, "Exclusionary policies" at: <https://www.axa-im.com/our-policies#exclusion-policies>

²³ AXA-IM Real Assets, "Controversial Weapons Policy" at: https://www.axa-im.com/sites/corporate/files/2021-08/April_2020_%20AXA_IM_Controversial_Weapons-policy_EN.pdf

²⁴ AXA Group, "AXA Group Health and Safety Policy" at: https://www.axa-com.cdn.axa-contento-118412.eu/www-axa-com%2F44c39914-b1ba-4000-8491-8873b17e5447_axa_group_health_and_safety_policy_2014.pdf

²⁵ UNGC, at: <https://www.unglobalcompact.org/what-is-gc/participants/1048-AXA>

²⁶ PRI, at: <https://www.unpri.org/signatory-directory/axa-group/908.article>

goals.²⁷ Around 97% of the EU's building stock is considered energy inefficient,²⁸ demonstrating the need for the construction of buildings that integrate higher climate and energy requirements. Given that 94% of today's buildings will still be standing by 2050, renovations play a major role in decarbonising the buildings sector. Estimates suggest that the renovation of existing buildings could reduce the total energy consumption and CO₂ emissions by approximately 5% to 6%.²⁹

ALEM intends to invest in green building projects in Europe, specifically France and Germany. These countries have set national targets and initiatives aligned with the EU's energy and climate targets for 2030 as follows:

- The Government of France aims to annually renovate 370,000 residential buildings between 2015 and 2030, and end coal and oil used for household heating by 2028. Additionally, the Government plans to apply stricter regulations aimed at increasing energy efficiency and improving the carbon footprint of new buildings by using renewable energy sources and life-cycle analysis of new construction.³⁰
- Being the 4th largest and most populated country in the EU, Germany plays an important role in the EU meeting its climate goals.³¹ The operation of buildings accounts for 35% of Germany's total final energy consumption.³² Similar to European levels, only 1.5% of Germany's building stock is renovated each year.³³ Realizing the potential impact of increasing the energy efficiency of Germany's buildings, the German government aims to achieve a virtually climate-neutral building stock by 2050.³⁴

The industrial real estate sector, including logistics, e-commerce, warehouses and distribution centers, continues to have a sizeable environmental footprint, due to the heating and cooling needs of these buildings. For logistics-based businesses, warehouses offer three key decarbonization routes for emissions reduction, i) reducing energy consumption through smart lighting, efficient insulation, (ii) utilizing renewable energy for heating and cooling requirements and (iii) optimizing floor space utilization.

Sustainalytics views the inclusion of energy efficiency in green buildings to contribute to positive environmental impact and increase the sustainability of the Issuer's buildings, thereby reducing the negative impacts of the logistics sector on climate change.

Importance of renewable energy in mitigating CO₂ emissions

The International Energy Agency (IEA) estimates that annual global energy demand will increase by 9% between 2019 and 2030, despite the recent decrease in demand from COVID-19 related economic contractions.³⁵ According to the IEA, the energy sector accounts for 75% of global GHG emissions.³⁶ Although, renewable energy experienced strong growth worldwide in 2019, accounting for almost 25% of global electricity generation, the rate of deployment must be ramped up to meet Paris climate goals,³⁷ which would require the share of low-carbon energy sources to increase to 65-70% of worldwide primary energy demand by 2050.³⁸ The road to achieving net zero by 2050 requires an annual addition of 630 GW of solar photovoltaics. Growing renewable energy capacity will further require increasing system flexibility, further supported by increasing energy storage capabilities.³⁹

In Europe, the energy sector accounts for 75% of the EU's GHG emissions.⁴⁰ In order to reduce GHG emissions, the European Green Deal set a 2050 target for climate neutrality requiring 55% emissions reduction and a 32% share of renewable energy by 2030.⁴¹ The share of renewable energy in Europe in 2019 was 34.6%,⁴² but it is

²⁷ European Commission, "EU Science Hub: Buildings", at: <https://ec.europa.eu/jrc/en/energy-efficiency/buildings>.

²⁸ European Parliament, "Report on maximizing the energy efficiency potential of the EU building stock", (2020), at: https://www.europarl.europa.eu/doceo/document/A-9-2020-0134_EN.htm

²⁹ European Commission, "New rules for greener and smarter buildings will increase quality of life for all Europeans", (2019), at: https://ec.europa.eu/info/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-apr-15_en

³⁰ Government of France, "Integrated National Energy and Climate Plan for France", (2020), at:

https://ec.europa.eu/energy/sites/default/files/documents/fr_final_necp_main_en.pdf

³¹ European Union, "Living in the EU", at: https://europa.eu/european-union/about-eu/figures/living_en

³² Federal Ministry for Economic Affairs and Energy, "Energy Transition in the Building Sector", at:

<https://www.bmwi.de/Redaktion/EN/Dossier/enhancing-energy-efficiency-in-buildings.html>

³³ European Commission, "Building Stock Observatory", at: https://ec.europa.eu/energy/news/building-stock-observatory-new-database-european-building-stock-and-its-energy-performance_en?redir=1

³⁴ Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Climate Action Plan 2050", at:

<https://www.iea.org/reports/world-energy-outlook-2020>

³⁵ International Energy Agency (IEA), "World Energy Outlook 2020", at: <https://www.iea.org/reports/world-energy-outlook-2020>

³⁶ International Energy Agency (IEA), "Net Zero by 2050 - A Roadmap for the Global Energy Sector", 2021, at:

<https://www.iea.org/reports/global-energy-review-2020/renewables>

required to increase to 38-40% by 2030 in order to meet the 55% emissions reduction target.⁴³ Therefore, increasing the share of renewable energy generation has the potential to have significant impact in meeting Europe's climate goals.

Given this landscape, Sustainalytics is of the opinion that the projects funded through the Framework could further help Europe in meeting its renewable energy and emission reduction targets by increasing renewable energy power capacity and generation.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) and loan(s) issued under the AXA Logistics Europe Master S.C.A. Green Finance Framework advances 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
Waste Management	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Conclusion

ALEM has developed the AXA Logistics Europe Master S.C.A. Green Finance Framework under which it may issue green bonds or loans and use the proceeds to finance and/or refinance green buildings, renewable energy, energy efficiency, eco-mobility, and waste management projects. Sustainalytics considers that the projects funded by the green finance proceeds are expected to provide positive environmental impact.

The 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 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 SDGs 7,9, 11, and 12. Additionally, Sustainalytics is of the opinion that ALEM has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that ALEM is well-positioned to issue green bonds and loans and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendices

Appendix 1: Assessments of Green Building Certification

	BREEAM	DGNB	LEED
Background	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.
Certification levels	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> • Bronze • Silver • Gold Platinum 	Certified Silver Gold Platinum
Areas of Assessment: Environmental Project Management	Management (Man) addresses various aspects: project management, deployment, minimal environmental disturbance worksite and stakeholder engagement.	<ul style="list-style-type: none"> • Environment • Economic • Sociocultural and functional aspects • Technology Processes & Site 	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders regarding the construction choices and the technical systems.
Areas of Assessment: Environmental Performance of the Building	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Percentage-based performance index. The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment.	Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority
Requirements	Prerequisites depending on the levels of certification + Credits with associated points This number of points is then weighted by item ⁴⁴ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	Depending on the total performance index, a DGNB award will be given to the project, starting from Silver. Bronze is awarded for existing buildings and is conferred as the lowest rank.	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
Performance display			

⁴⁴ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Accreditation	BREEAM International Assessor BREEAM AP BREEAM In Use Assessor	DGNB Certification body	LEED AP BD+C LEED AP O+M
Qualitative considerations	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	DGNB certification is based on current European Union standards	

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	AXA Logistics
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	AXA Logistics Europe Master S.C.A. Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 13, 2021
Publication date of review publication:	

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 Buildings, 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 SDG 7, 9, 11, 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 checked="" 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 (<i>please specify</i>): Waste Management |

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 Logistics' Europe Master Fund ("ALEM") internal process in evaluating and selecting projects is overseen by its Green Finance Committee ("GFC"). ALEM's Responsible Investment Steering Committee supervises final project selection. AXA's Responsible Investment Policy addresses environmental and social risk management systems and processes and are applicable to all allocation decisions made under the Framework.

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 (<i>please specify</i>): |

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):

ALEM's Chair of the GFC oversees the management of proceeds, which will track allocation of proceeds using an internal tracking mechanism. ALEM intends to allocate the proceeds within 24 months of the issuance. Unallocated proceeds will be temporarily used to pay existing debt, held in cash, cash equivalents or other liquid marketable 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):

ALEM intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include details such as the amount of proceeds allocated to eligible green projects, list of eligible green projects, and unallocated proceeds. In addition, ALEM is committed to reporting on relevant impact metrics. Sustainalytics views ALEM's 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*): Amount of unallocated proceeds, Percentage of coverage or value of assets with green building certifications defined in this Framework, and Aggregate amount of proceeds allocated to eligible green projects by category.

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): Level of certification by property, % annual energy efficiency gain relative to an established baseline, Renewable energy capacity added/rehabilitated (MWh pa), Number of electric charging points, Annual amount of waste recycled

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): The Green Finance Instruments Impact Report published on the issuer's website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): ALEM intends to have the annual allocation and impact reports externally verified by an external independent auditor. The audit report will be made publicly accessible on AXA IM's website.

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.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

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

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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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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