



Investment
Managers

Investing for People and Planet

Impact Investing – Private Markets
2023 Annual Review

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Creating tangible solutions

At AXA IM Alts, our goal is to bring together private capital, entrepreneurial talent and technology to deliver solutions that address social progress and ensure the environment can sustain us now and into the future.



AXA IM Alts was one of the first mainstream asset managers to develop an expertise in Impact Investing. As a leader in the industry, we strive to develop our Impact range

and always make sure that the companies and projects we invest in deliver significant positive benefits for people and the planet.

Over the last year, we have continued to see a strong interest in impact investing and have grown our assets under management despite challenging market conditions for private equity. Despite these challenging conditions, we continue to have a very positive outlook for the asset class and the positive contributions it can make to real world challenges.

In 2023, we added a new Natural Capital strategy. Nature-based solutions play a critical role in achieving the ambitious net-zero targets set by companies and governments around the

world. We believe Natural Capital is an attractive opportunity for financial returns and that private capital will help meet these targets.

Our impact assets have increased from \$200m, when we launched our first Impact strategy in 2013, to over \$1.5bn today. The growth of our fund range and assets under management (AUM¹) is a testament to the success and increasing maturity of the Impact Investing model. It also reflects the credibility of AXA IM Alts, a global leader in alternative investments, as an active, hands-on impact asset manager.

Ultimately, it demonstrates that investors have embraced our shared vision: that private capital can play an essential role in helping communities around the world improve their everyday lives.

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Isabelle Scemama,
Global Head of AXA IM Alts

¹ Source for AUM: AXA IM Alts (unaudited) as at 31 December 2023.

Impact Investing with AXA Investment Managers

AXA Investment Managers brings a unique approach to Impact Investing thanks to our long experience, dedicated team and credibility as part of one of the world's largest asset managers and insurers.

€844bn

AXA Investment Managers Assets under management

€183bn

AXA IM Alts Assets under management

\$2bn

Committed capital

A responsible investor, active worldwide

AXA IM Alts is one of world's largest real assets investors, with a global footprint that brings our clients on-the-ground local expertise and exposure to opportunities worldwide. It is part of AXA Investment Managers, a responsible manager actively investing for the long term.

AXA IM is backed by AXA Group, one of the world's largest insurers with a strong purpose: to act for human progress by protecting what matters.

11 years' experience in Impact Investing

AXA IM Alts was among the first mainstream asset managers to develop an expertise in Impact Investing. Over a decade later, we are among the largest investors with over \$2 billion in committed capital. Our diverse range of strategies encompasses health, financial inclusion, climate and natural capital.

Best-in-class approach to impact management and ESG

Our goal is to ensure that impact is generated with intention and accountability. We achieve this thanks to our credible, integrated Impact Measurement and Management (IMM) system. We aim to take a market-leading approach to Environmental, Social and Governance (ESG), embedding considerations into the investment lifecycle. Our data is verified by EY.

Our Impact Investing team

Our Impact Investing team is among the largest in the sector. Our 26 dedicated professionals come from a range of backgrounds, from asset management and investment banking to development economics, healthcare and natural capital management. Their diverse and complementary expertise is a key differentiating factor for AXA IM Alts.



Alexandre Martin-Min

Head of Natural Capital & Impact Investments
26+ years' experience



Jonathan Dean

Deputy Head of Natural Capital & Impact Investments
16+ years' experience



Shade Duffy

Head of Impact Management
21+ years' experience



Vinod Kanbi

Head of Climate Equity
21+ years' experience



Jérôme Dulong

Head of Natural Capital Investments
15+ years' experience



Dr. Curt Labelle

Head of Healthcare Private Equity
20+ years' experience



Dr. Zina Affas Besse

Deputy Head of Healthcare Private Equity
25+ years' experience

26

Members of the Impact Investing team

Award-winning strategies

We have won extensive recognition for our strategies over the years. Recent awards include Nature-based Project of the Year at the Environmental Finance Sustainable Company Awards (2023) and Private Equity ESG Fund of the Year at the Sustainable Investment Awards (2023).



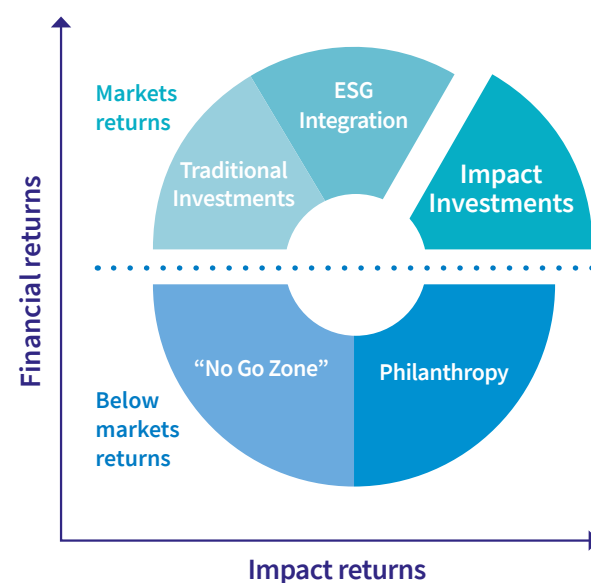
Our 2023 performance

Impact Investing is an investment strategy that aims to generate positive, measurable social and environmental outcomes, while also producing competitive financial returns. At AXA IM Alts, we embrace this definition using a private market approach to identify societal problems, invest in credible solutions to these problems, and measure the contribution of our capital in solving them.

We believe we can generate positive outcomes benefitting both people and the planet, while simultaneously meeting our clients' financial objectives. We achieve this by investing in projects where the financial outcomes and the stated environmental or social impact objectives are linked.

Our focus is on large-scale issues with significant funding gaps. These range from environmental challenges to widespread lack of access to essential products and services in many countries. With our investment horizons stretching over 10 years, we utilise long-term capital and thinking to yield solutions that have lasting impact.

Our programme deploys capital through alternative assets including private equity, venture capital, private debt and project finance. This strategy provides us with flexibility and access to diversified investment opportunities and helps us generate impact outcomes. Our diversified alternatives strategy, supported by a robust risk framework, is aligned with the risk/ return profile of institutional investors seeking to achieve their financial objectives while contributing to societal change.



Impact investing seeks to deliver both impact outcomes and financial returns

Highlights

Our objective is to generate demonstrable environmental and social benefits. Since the launch of our Impact Investing strategy, the projects and companies we support have achieved the following positive impacts.



Environment



109.9m

tonnes of CO₂e emissions avoided

AXA IM Alts share: **15.8m**



2.2m

tonnes of waste avoided

AXA IM Alts share: **258k**



35.1m

households provided with clean energy

AXA IM Alts share: **9.2m**



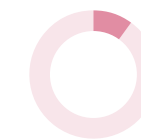
104k

hectares of land under sustainable management

AXA IM Alts share: **63.3k**

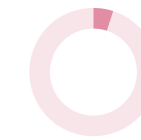


Social



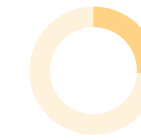
2.4k

healthcare facilities developed in underserved locations



15

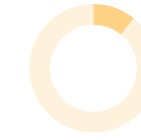
healthcare solutions developed



198m

healthcare solutions distributed

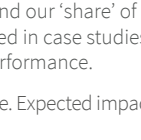
AXA IM Alts share: **19.8m**



5.2m

lives improved or saved by healthcare solutions

AXA IM Alts share: **269k**



150m

people empowered through financial inclusion

AXA IM Alts share: **13.5m**

5.6m

students reached

AXA IM Alts share: **598k**

*These are based on aggregate results as disclosed by investees since the launch of our strategy in 2013.

We have reported aggregate impact numbers as disclosed by investees and our 'share' of the impact results based on our capital contributions. This share is illustrated above by the tag "AXA IM Alts share". Data contained in case studies is sourced from each individual organisation/project. Data correct as of April 2024. Past performance is not a guide to future performance.

Information/figures are given for informational purposes only and may evolve. Expected impact returns are not guaranteed and are subject to change.

Our strategies

Our impact investing strategies aim to generate positive, measurable social and environmental outcomes, while also producing competitive financial returns. We seek to achieve this by investing in projects where the financial outcomes and the stated environmental or social impact objectives are linked.



Climate Solutions

Our Climate Solutions strategy focuses on scaling up mitigation and adaptation strategies that combat climate change and make the world more resilient to the effects of a changing climate. These investments target hard-to-abate sectors, providing solutions that decarbonise and reduce the reliance on fossil fuels.



Natural Capital

Our Natural Capital strategy finances projects and businesses that protect, restore and sustainably manage Natural Capital. The objective is to address the challenges of climate change and biodiversity loss by investing in nature-based solutions.



Global Health

Our Global Health strategy seeks to protect health and well-being and address inequalities in access to quality healthcare. These investments focus on increasing the availability of innovative products and delivering solutions at accessible prices.



Financial Inclusion

Our Financial Inclusion strategy empowers underserved communities in low-to-middle-income countries (LMICs). It provides solutions that embed financial resilience for target populations.

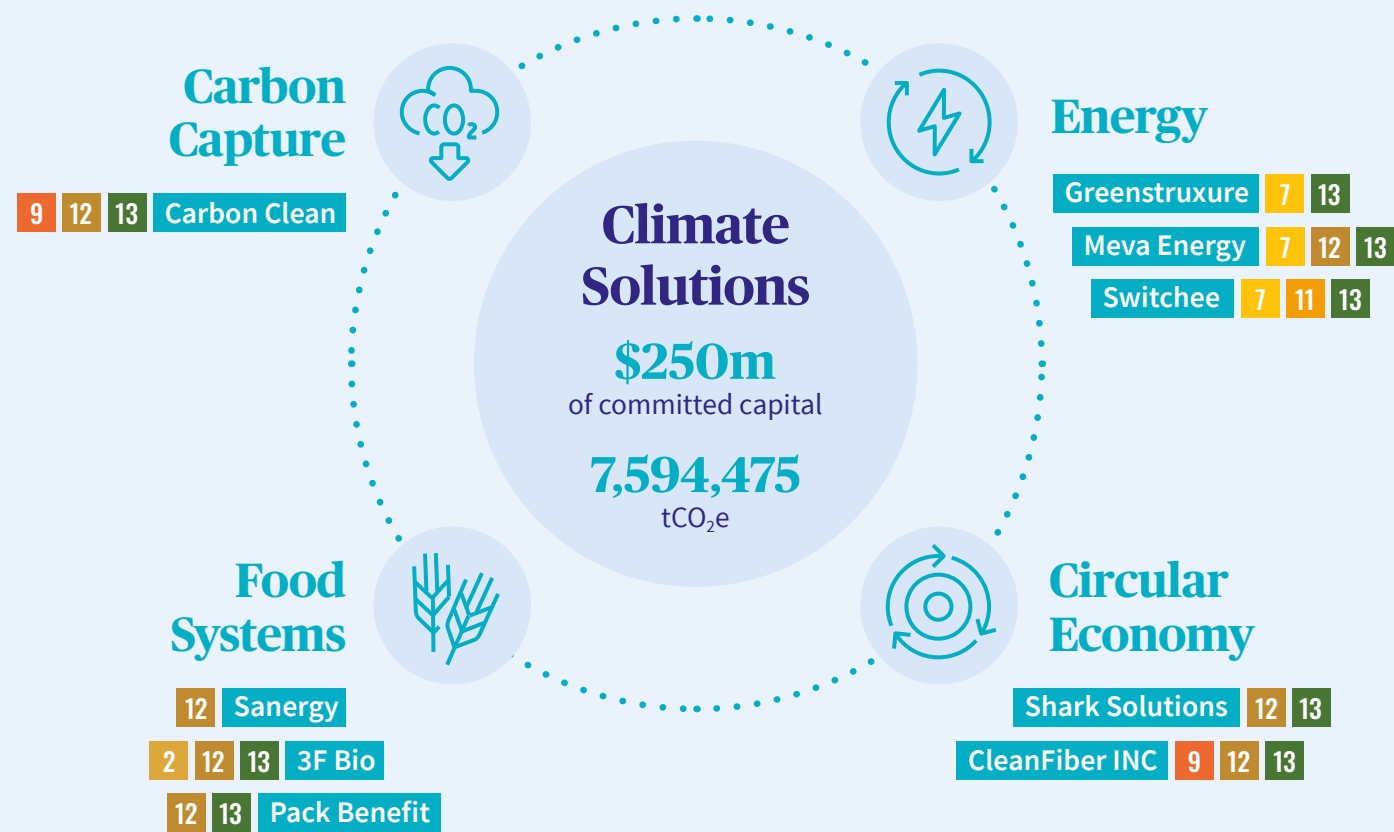
Climate Solutions



Our climate investments are focused on solutions that lead to climate change mitigation, resource efficiency and improve the resilience and adaptation of vulnerable communities.

What we measure

- ✓ Climate mitigation: CO₂e avoided
- ✓ Resource efficiency: waste avoided



Results at Q4 2023

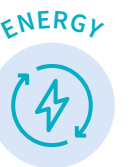
United Nations Sustainable Development Goals

- | | |
|---|---|
| 2 Zero Hunger | 11 Sustainable Cities and Communities |
| 7 Affordable and Clean Energy | 12 Responsible Consumption and Production |
| 9 Industrial, Innovation and Infrastructure | 13 Climate Action |

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Producing renewable energy for manufacturing



Meva Energies is a renewable energy provider contributing to the decarbonisation of the manufacturing industry. The company's process utilises waste wood and other biomass waste to produce renewable fossil-free energy.

A synthetic replacement for natural gas

Many industries require heat to continue operations, with 12% of global emissions caused by the direct burning of gas, coal and oil for industrial heat use. Due to increasing regulations and societal pressure, these hard-to-abate industries are actively seeking to decarbonise.

The company is also actively exploring the use of biochar, a stable form of carbon that is added to soil to capture carbon, thereby avoiding emissions. The technology would result in 10% embedded capture and qualify the product as a net negative solution.

Meva Energy's modular gasification technology seeks to solve this decarbonisation challenge by using wood waste and other biomass to produce syn-gas as a direct replacement for natural gas. This process simultaneously diverts wood biomass away from landfills and limits methane emissions.

Our investment impact: Our investment will enable Meva Energy to grow and sustain its operations, and enable the flow of capital to a sector in urgent need of decarbonisation.

“IKEA Industry aims to reduce its carbon footprint by 80% before 2025 in comparison with our baseline year in 2016. Power and heat consumption are its most significant sources of CO₂ emissions. We want to generate renewable energy for our society and source our own renewable energy locally. After searching for ways to turn wood residue into high-efficiency renewable power for many years, we partnered with Meva Energy. We are very happy with this agreement and Meva Energy's progress”.

IKEA Industry

“The renewable gas supply agreement between Meva Energy and Sofidel will help achieve Sofidel's 2030 emission reduction targets. These targets are approved by the Science Based Targets initiative (SBTi) and are consistent with the reductions needed to reach below the 2°C targeted in the Paris Agreement”.

Sofidel Group

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A new life for laminated glass



Shark Solutions is a company focused on giving new life to post-consumer polyvinyl butyral resin (PVB) from windshields and laminated building glass, eliminating the need for landfill disposal.

A circular economy solution

Over 20 million vehicles reach end-of-life each year in Europe and the US alone, with around 90% of the glass used in them going to landfills. At the same time, global demand for PVB for new cars, buildings and solar panels is growing steadily.

This represents a clear opportunity. Yet, until recently, there was no solution to recover laminated glass when it reached the end of its usable life, as the PVB interlayer makes laminated glass recycling highly difficult.

Shark Solutions developed an innovative technique to separate glass from PVB to transform a once-unrecyclable product into high-quality raw materials. The company's PVB recycling factories transform the glass into sustainable polymers for industrial applications worldwide, including carpet flooring, paint and coatings (binders) and glass cutlets for insulation and sound dampening. Relative to fossil fuel-based binders Shark's product is more sustainable, has attractive technical qualities for its applications and a similar price point.

Our investment impact: Shark is the leading company for providing laminated glass recycling services. In 2023, the company recycled a windshield every 3.8 seconds. Our investment will contribute to the circular economy, avoiding waste and emissions, as new products manufactured from virgin materials are replaced by recycled alternatives.

“Through innovative product development, we have succeeded in replacing traditional latex glue with recycled binder made from broken car windows. This ensures a new use of laminate film that would otherwise have ended up in a landfill”.

EGE Carpets



Cutting emissions from hard-to-abate industries



Carbon Clean is a leader in carbon capture solutions for hard-to-abate industries, including cement, steel, refineries, and energy from waste, working with industry to decarbonize and leverage the growing value of captured carbon.

technology adoption, size and cost. The technology is 50% smaller than a conventional plant and can capture CO₂ at a cost of 50% less per tonne than conventional carbon capture systems. As such, it has the potential to become highly scalable. The company is also exploring circular solutions to store or reuse the carbon captured as an input for other manufacturing processes.

Our investment impact: The serviceable addressable market of CO₂ emissions is expected to be around 239 million tonnes by 2030. Our investment contributes to the piloting and deployment of Carbon Clean technology to increase its scalability potential. The overall aim is to accelerate the transition to a more circular and environmentally conscious economy.

A cost-effective carbon capture technology

Hard-to-abate industries are responsible for over a fifth of global CO₂ emissions—and this figure is rising. Emissions from these industries are expected to increase by over 50% to 15.7 Gt CO₂e in 2050. To reverse the trend and reach the net negative CO₂ emissions needed to limit global warming, scalable, efficient, and cost-effective carbon capture and storage (CCS) technologies are needed.

Carbon Clean's modular technology is designed for industrial post-combustion carbon capture and can help tackle the climate emergency. Deploying fully modular, standardised carbon capture solutions across industrial sites aims to handle two significant barriers to CCS

For COP28, the CycloneCC product was shipped to Dubai and began capturing carbon at the end of November 2023. The flagship product was visible to COP participants.

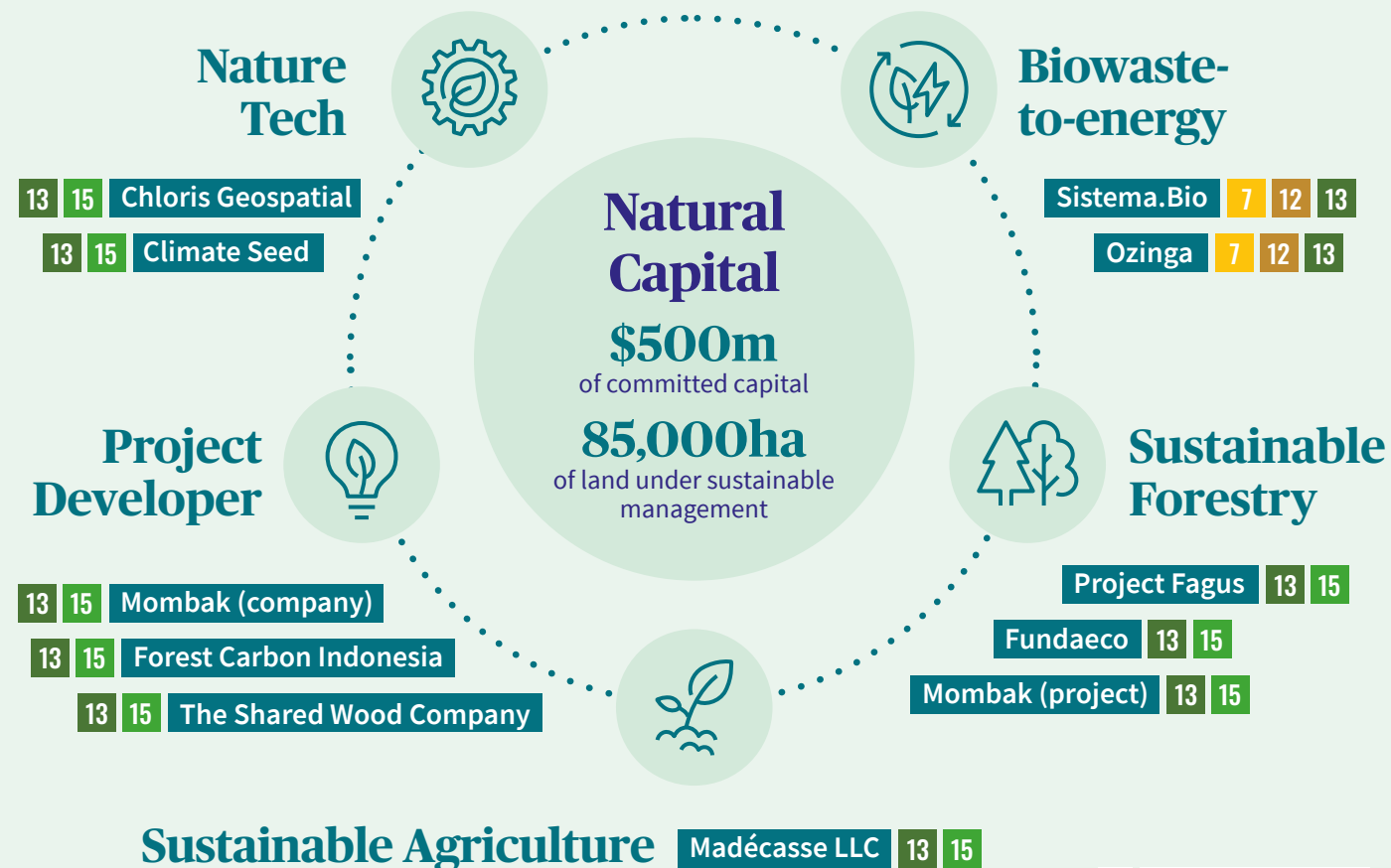
Natural Capital



Our natural capital investments aim to ensure the conservation, protection and restoration of natural capital and biodiversity. We invest in projects that prioritize sustainable ecosystems and improve the well-being of local communities.

What we measure

- ✓ Conservation of natural capital: hectares of land under sustainable management
- ✓ Biodiversity: hectares of critical habitats protected/restored
- ✓ Climate mitigation: tonnes of CO₂ emissions avoided



United Nations Sustainable Development Goals

- 7 Affordable and Clean Energy
- 12 Responsible Consumption and Production
- 13 Climate Action
- 15 Life on Land

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Restoring native forests in the Brazilian Amazon



Mombak is an afforestation project working to reforest the Brazilian Amazon by planting native trees on heavily degraded cattle pastureland.

A plan to reforest with native species

The Brazilian Amazon rainforest is currently experiencing mass deforestation of approximately 1 million hectares per year as a result of cattle farming and the production of agricultural commodities. Deforestation and land degradation are detrimental to the environment with related emissions responsible for nearly 22% of global greenhouse gas emissions. This on-going degradation results in the destruction of homes, habitats and food sources for the species that live there.

Our investment impact: Our investment in Mombak will accelerate a new reforestation industry in Brazil and reverse the tipping point of the Amazon and other Brazilian forests. To achieve this, Mombak provides technologies, knowledge and supply chain access to landowners seeking to reforest land. Additionally, we are providing project financing to directly support the reforestation and protection of up to 14,000 hectares of degraded pastureland. This will combine full plantations of mixed native species with assisted natural regeneration (ANR) to generate up to 6 million high-quality carbon credits.

“As rural producers in Tomé Açu, Brazil, we recognized the need to replenish what was once taken away, the forest, the life. Then an opportunity arose for a partnership with Mombak to plant a new forest and generate carbon credits. We combined the need for regularization with our love for the forest, fresh air and tree canopies. Now it’s clear that within a farm that has livestock, there can also be reforestation”.

Farmer partner of Mombak

“Near our territory, there is no forest anymore, only palm oil and pasture. They have already taken everything. There are species no longer found. This project will bring forests to our region. It would be good to plant in our territory so that we can have resources again”.

Tres irmãos Farm

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Producing sustainable chocolate — directly at the source



Madécasse LLC is a bean-to-bar chocolate company working with cocoa farmers to protect the unique biodiversity of Madagascar and expand sustainable practices to its supply chain in Uganda.

Cocoa production and biodiversity

Cocoa production systems have widely come at the expense of natural forest areas and play a large role in tropical deforestation, climate change and the loss of biodiverse habitats worldwide. The widespread production systems have minimal biodiversity value and lead to soil fertility depletion and quality degradation.

Sustainable land practices and biodiversity protection are at the heart of Madécasse’s cocoa production supply chain. By sourcing its cocoa from farmers aligned with these goals, Madécasse directly impacts the production supply chain.

Since our investment in 2020, the company has increased its cocoa production from 122 to 568 hectares, of which 369 hectares are critical habitats for endangered species, including lemurs. Madecassé’s objective is to reach 2,900 hectares, with up to 500 hectares dedicated to critical habitats protecting the important flora and fauna of Madagascar.

Our investment impact: Our investment enables Madécasse to increase direct sourcing from local farmers and help establish more resilient livelihoods in their communities. The investment will also support Madécasse’s planned growth and expansion, allowing for more protected endangered species habitats.

“Because of Madécasse, our land is well monitored and clean. We plant trees instead of cutting them and the people around are respectful to the environment”.

Member of CCRS Cooperative

“The cooperative was able to buy a fermentation tank because of the good prices for cacao”.

Member of CCRS Cooperative

Calculating the carbon density of — above-ground biomass



Chloris Geospatial is a nature tech company supplying science-based data to support natural capital projects. The company set an industry standard for accurate, scalable and reliable estimates of carbon stored in above-ground biomass.

A digital platform for nature-based solutions

Chloris’s mission is to support the transition to a net-zero and nature-positive world through the conservation and reforestation of forest ecosystems. To achieve this, Chloris uses satellites to estimate the total carbon stored in woody vegetation and analyse it via an AI-enabled platform. The results enable the accurate monitoring and measurement of nature-based solutions (NBS).

Data available in the Chloris SaaS platform can be used by project developers and investors in voluntary carbon markets, in addition to the sustainable farming, agriculture and finance industries. It can also be used to assess supply chains and for the purposes of ESG reporting.

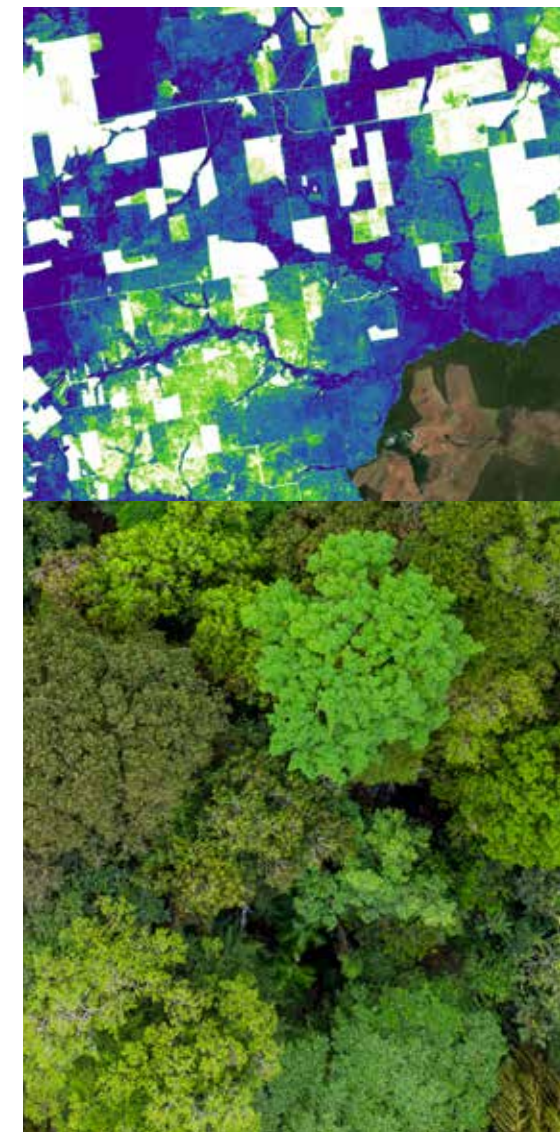
Our investment impact: With our investment, Chloris is indirectly contributing to the expansion of NBS. Chloris’s data and insights will inform the supply and demand side of NBS and support the faster commercial adoption and financing of high-quality NBS and carbon credits.

“We utilise Chloris data to assess the integrity ratings of carbon projects, critical for evaluating the accuracy of carbon stock estimates and identifying potential under or overestimations. Their global geospatial data allows us to comprehensively evaluate over 550 voluntary carbon market projects”.

MSCI

“We have been using Chloris’ biomass data and maps to assess carbon stocks and growth rates in our project areas. The Chloris data has proven to be highly valuable and significantly enhances the efficiency of our field campaigns and the utility of field plot data”.

Permian Global



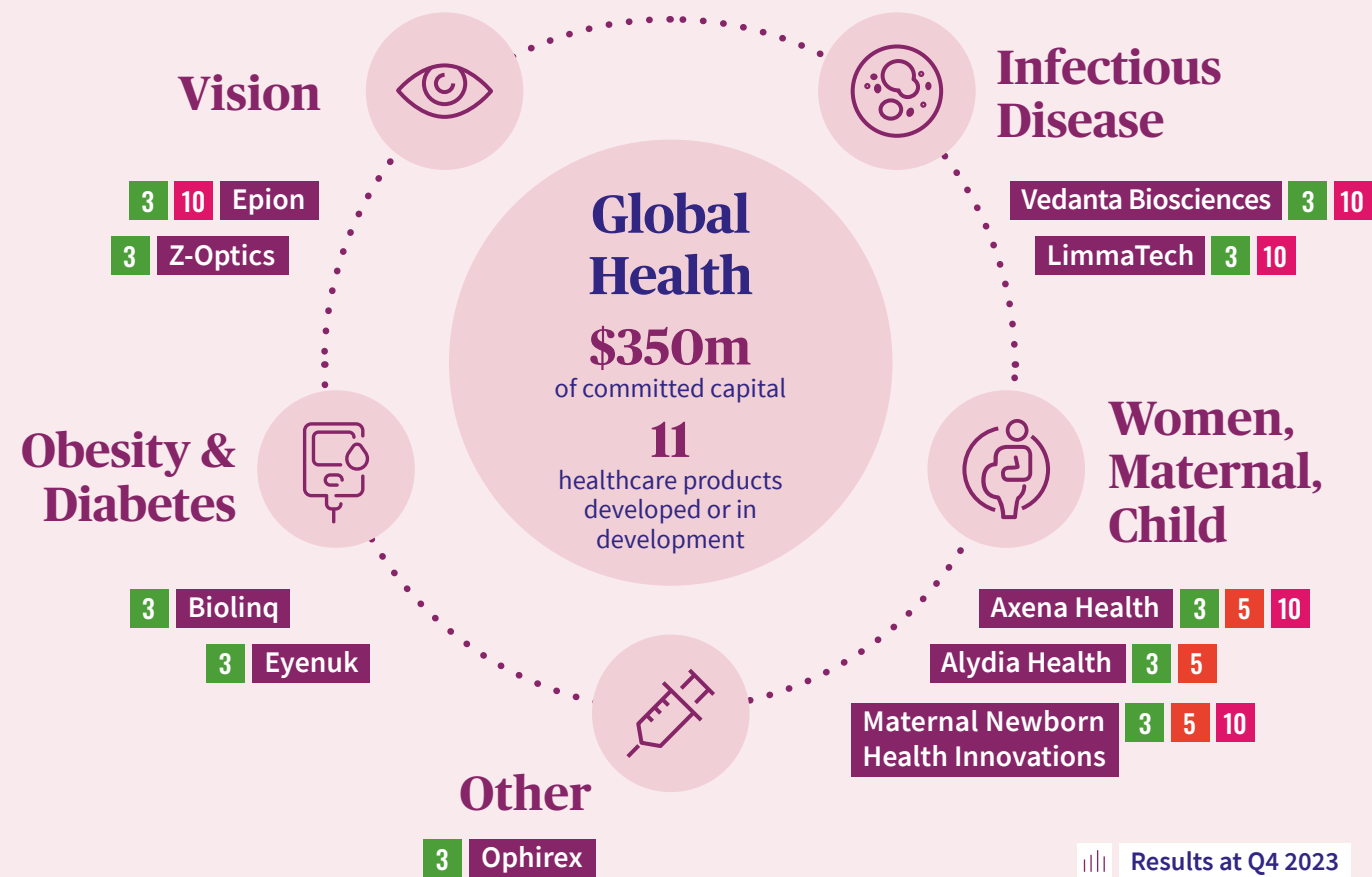
Global Health



Our global health investments provide funding for companies with the potential to revolutionise healthcare and provide solutions for underserved populations. These companies focus on developing innovative medical devices, pharmaceuticals, vaccines and diagnostics.

What we measure

- ✓ **Quality solutions:** number of healthcare solutions developed/distributed
- ✓ **Reach:** number of LMICs benefiting from products/services
- ✓ **Lives saved:** number of lives saved by the provision of healthcare solutions
- ✓ **Lives improved:** number of lives improved by the provision of healthcare solutions



United Nations Sustainable Development Goals

- 3 Good Health and Well-Being
- 5 Gender Equality
- 10 Reduced Inequalities

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Improving gut health on a larger scale



Vedanta Biosciences is a clinical-stage pharmaceutical company tackling malnutrition, infectious diseases and gut abnormalities.

A standardized treatment for gastrointestinal diseases

Vedanta is pioneering the rational design of drugs to treat serious gastrointestinal diseases using a defined consortium of bacteria (DBC) essential to the gut ecosystem.

Vedanta's primary targets include the treatment of *Clostridioides difficile* (C. diff), irritable bowel syndrome (IBS) and malnutrition. These challenges affect a large number of people. Currently, C. diff has 4.1 to 5.3 cases per 10,000 patients per day, while IBS affects 6-8 million people globally. Additionally, malnutrition has been

named one of the greatest global health challenges by the World Health Organization.

To treat these gastrointestinal diseases, Vedanta is developing a DBC pill designed with precise ratios of essential bacteria to re-establish the gut's microbiome. Each pill is administered orally and standardized to increase production and improve distribution in low-and-middle-income countries without the need for highly trained health professionals.

This microbiome solution also has the potential to displace antibiotics, contributing to the lowering of antibiotic abuse and resistance.

Our investment impact: There is a need for new and improved healthcare products designed with resource-constrained developing countries in mind. Our investment will support the production of these products and increase the number of people benefiting from this microbiome solution.

Vedanta's solution has the potential to be the first defined bacteria consortium to treat C. diff infection.

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Advancing vaccines to treat global infections



LimmaTech Biologics AG is a clinical-stage biopharmaceutical company advancing vaccines to halt the rise in global infections due to emerging antimicrobial resistance and sexual diseases.

The battle against Shigella and childhood mortality

LimmaTech is developing a vaccine for Shigella, a bacteria responsible for 13% of all deaths due to diarrhoea according to the World Health Organization. Children under the age of five are the most affected by shigellosis, which can lead to malnutrition and stunted growth, negatively impacting their long-term development. One million cases of moderate to severe stunting in children in low-or-middle-income countries (LMIC) are attributed to Shigella.

The company's proposed vaccine is easy to manufacture, affordable and offers compelling clinical data and support from international organisations, making it accessible to low-resource communities. As humans are primary carriers of Shigella, a vaccine could potentially lead to the eradication of shigellosis. The vaccine would also significantly reduce antibiotic use and slow the spread of antibiotic resistance.

Our investment impact:

LimmaTech has plans to work with local health agencies to integrate the vaccine into their immunization programs. Our investment will support the continued research and distribution of the vaccine.

“The effect is beyond just diarrhoea. The policy is to ensure that children are spared cognitive and physical impairments so that they can attain their full potential”.

A national stakeholder in Ghana

“Better to have a vaccine than to have antibiotics with doubtful performance. Anti-microbials are always prone to develop antimicrobial resistance”.

A health provider in Nepal



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Reducing the risks of childbirth



Maternal Newborn Health Innovations (MNHI) focuses on reducing maternal and newborn complications and deaths resulting from prolonged or complicated labour.

A safe solution for complicated labour

Of the 140 million births worldwide per year, an estimated 10-15% are prolonged or complicated. In many of these circumstances, an emergency c-section or assisted vaginal delivery (AVB) using forceps or a vacuum are the preferred solutions. However, these procedures are linked to adverse effects for the mother and child.

MNHI is developing the OdonAssist as a safer, easier and more affordable solution for AVB.

Our investment impact: The OdonAssist has the potential to save thousands of lives annually and improve many more. As the device is needed in both high- and low-income countries alike, our investment aims to increase the availability of the device on a global scale.

“When we reduce unnecessary c-sections, we reduce unnecessary risks to women and their babies, and therefore unnecessary costs for hospitals and health systems”.

WHO Department of Reproductive Health and Research

“I decided to take part in this study when I was induced. I had been waiting for five days in the ward and it was intense. They came and said, ‘We have this in case anything happens before resorting to c-section’ and I totally went for it”.

OdonAssist patient

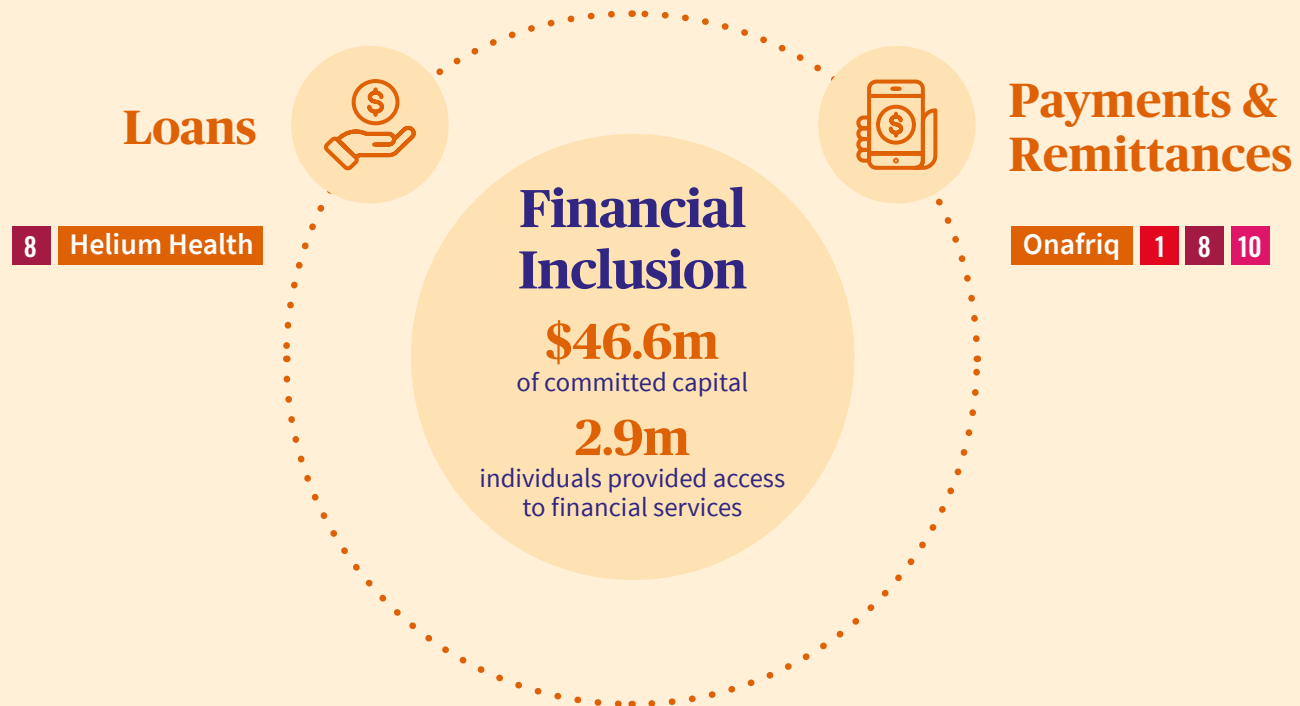
Financial Inclusion



Our investments aim to bridge the gap between formal financial systems and excluded individuals and businesses. The financial solutions provide payment and transfer services, credit, savings and insurance products for underserved populations.

What we measure

- ✓ **People empowered:** number of people benefitting from financial services and basic needs solutions
- ✓ **MSMEs empowered:** number of underserved MSMEs¹ with improved access to financial services



Results at Q4 2023

United Nations Sustainable Development Goals

- 1 No Poverty
- 8 Decent Work and Economic Growth
- 10 Reduced Inequalities

¹ Micro-, Small and Medium-sized Enterprises

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Improving African health services

LOANS



Helium Health is an African-based health tech company whose mission is to provide digital solutions to improve the quality and efficacy of health services in resource-constrained environments.

A digital solution for healthcare

The World Health Organization (WHO) has identified health financing as one of six key pillars driving equitable and efficient delivery of healthcare services. Insufficient investment in health, particularly in the developing world, has led to disparities in global health outcomes.

Fewer than 50% of Africans have access to modern health facilities. Furthermore, only 1% of the world's financial resources for health are available to countries in Africa, yet they bear 24% of the global disease burden. These inefficiencies in healthcare delivery are driven significantly by a lack of digitisation in healthcare facilities.

Helium Health provides dynamic digital tools and facilitates financing to empower healthcare providers and decision makers to improve the lives of everyday Africans. By offering affordable loans, Helium Health supplies healthcare providers with the financing needed to improve their facilities, equipment and provision of quality healthcare to target beneficiaries.

Our investment impact: Our investment will contribute to the digitisation of healthcare systems in Africa and provide alternative ways to bridge current financing gaps. In turn, this will improve service provision and optimise scarce resources.



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Connecting people and financial technology



Onafriq is a pan-African fintech company that enables connectivity between mobile money systems and money transfer organisations, including banks, insurance companies and other financial institutions.

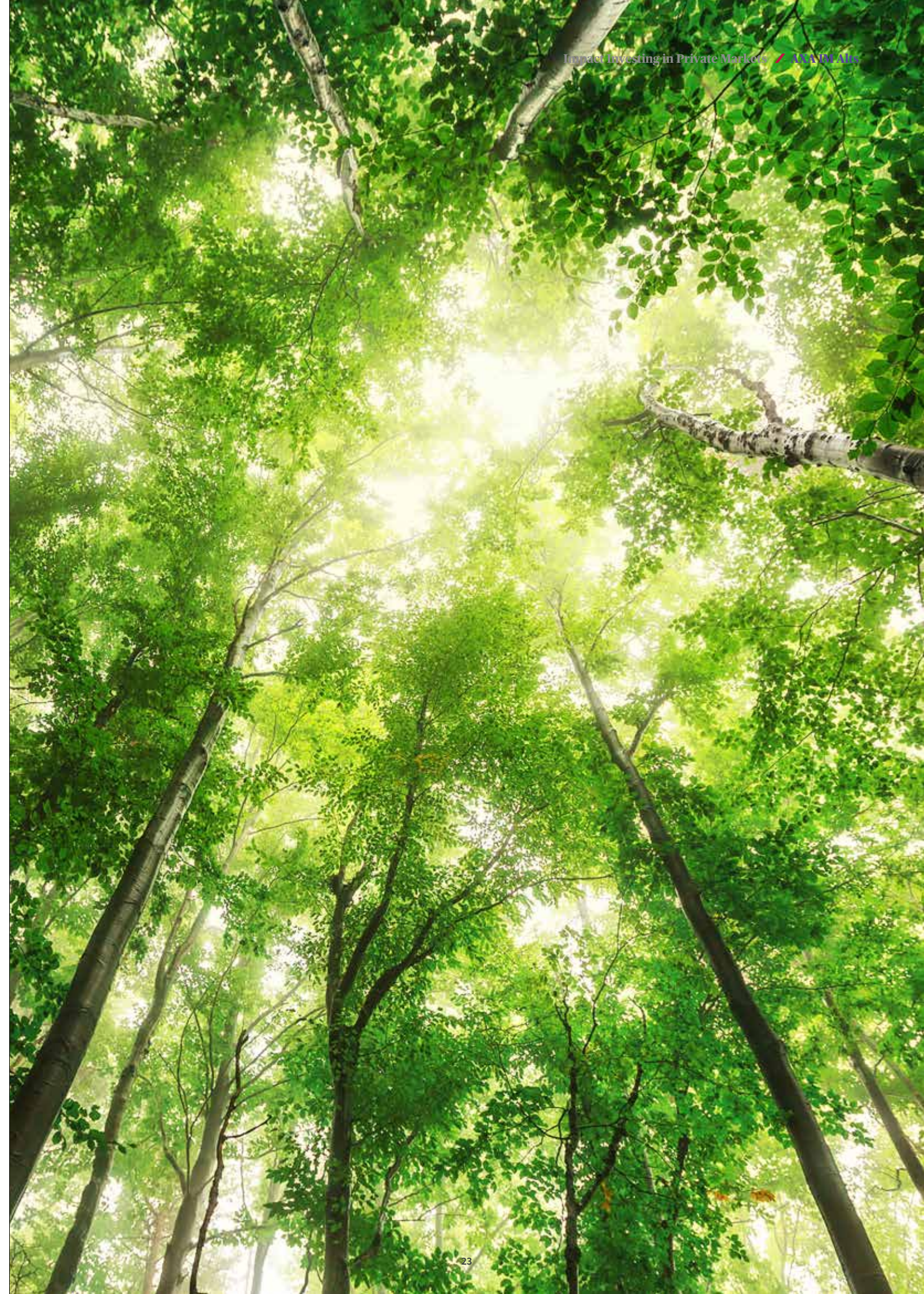
A digital infrastructure for the unbanked

Millions of people around the world are disconnected from the wired economy. As such, as the shift towards a cashless and digital global economy grows, it threatens to exclude an increasing percentage of the world's population.

Onafriq provides these underserved individuals access to formal, affordable and convenient channels for payments and collections. The company has developed a vast network of partners and a pan-African footprint spanning more than 35 countries. Its digital infrastructure enables interoperability and helps bridge income inequality and combat poverty.

Onafriq hubs facilitate person-to-person payments, mobile payment services, e-commerce transactions, or financial services such as lending or insurance. Other services include retail agents to provide customers with the ability to cash-in cash-out, loans to MSMEs and devices that enable the digitalisation of operations.

Our investment impact: Access to digital payment systems is increasingly necessary to prevent emerging markets from being left behind in the global marketplace. This investment will contribute to a long-term step change in the provision of digital financial services.



Stewardship

The AXA IM Alts Impact Investing strategy aims to generate measurable outcomes that benefit a specific beneficiary group, while delivering market-rate financial returns. These outcomes are defined as the long-term, qualitative and sustainable improvements we seek for our planet and its people. To achieve this goal, it is crucial that we map, monitor and manage our impact performance.



Our IMM System

Our Impact Measurement and Management (IMM) System covers all aspects of our investment process. This spans from initial assessment, evaluation and due diligence to investment, monitoring and exit. It also encompasses Environmental, Social and Governance (ESG) considerations, embedding them into the investment lifecycle. Our goal is to ensure that impact is generated with intention and accountability, qualities that underpin our investment strategy.



Mapping impact

Prior to making investments, we determine whether they are aligned with our strategy. We assess the relevance, directness, depth, and scale of proposed investments, as well as reviewing both challenges and solutions. We define impact objectives aligned with social and environmental issues, which are distilled down into themes that guide the actions we take. This enables us to maintain focus over time, and work both to serve our clients and resolve broader issues.



Evaluating impact

We evaluate impact across the entire investment trajectory, measuring the extent to which investments are generating social and environmental impacts and supporting the UN's Sustainable Development Goals. We use Key Performance Indicators to monitor how well investments are meeting targets and furthering our impact objectives.

We developed the AXA Impact Hub to offer even greater insight and credibility to stakeholders. The tech-based, modular IMM solution enables investors to track impact performance in real time through qualitative and quantitative indicators, performance tracking, and data visualisation tools.

Our stewardship approach

Comprehensive impact performance management, monitoring and measurement lies at the core of our strategy to ensure that our investments meet the highest standards. We also ensure that stewardship is integrated into every step of the investment process.

1 Pre-investment engagement

- Assessing theory of change, inputs, outputs, and outcomes
- Establishing an impact baseline and qualitative and quantitative targets
- Conducting ESG Due Diligence to identify gaps, risks, and alignment with AXA IM policies and regulations
- Developing an Environmental and Social Action Plan (ESAP), including specific timelines and reporting requirements
- Embedding ESAP and **Global Access Agreements** into legal documents

Objectives ▾

- Credible, rigorous investment selection
- Alignment of Impact, Operational and Financial Objectives
- Driving positive, intentional, measurable, equitable and long-lasting impact

Global Access Agreements

AXA IM Alts' innovative tool supports our mission of increasing access to products and services that target global disease burdens and eliminating inequalities in healthcare provisioning for underserved beneficiaries in LMICs.

Global Access Agreements commit investees and acquirers to developing and delivering solutions in LMICs over a set period of time, including post-exit. The Agreements cover a range of topics including:

- Ensuring product design is adapted to low resource environments
- Guaranteeing that pricing is affordable
- Creating a budget to support product development and market building efforts
- Establishing a Global Access Committee to oversee impact delivery

Objectives ▾

- Active stewardship of investments
- Monitor performance relative to impact and financial targets
- Mitigating risks to investors and beneficiaries

2 Investment - monitoring impact & measuring performance

- Assessing impact performance relative to objectives, metrics and KPIs
- Reviewing ESAP execution
- Generating shared value and knowledge exchanges between our investments
- Engaging with investees on impact and ESG issues, directly and through participation on governance committees

3 Impact performance

- Gathering evidence to confirm impact inputs, outputs, and outcomes
- Ratifying scale, reach, quality, and depth of impact measured against initial targets and objectives
- Validating impact creation and outcomes for target beneficiaries over investment period
- Assessing achievements versus fund's objectives
- Providing transparency and accountability by publishing impact and ESG results in the **AXA Impact Hub**

Objectives ▾

- Positive, intentional impact for beneficiaries
- Impact-linked performance rewards
- Contribution to the SDGs

Promoting transparency and accountability with the AXA Impact Hub

The AXA Impact Hub is a modular, tech-based solution that enables us to effectively manage and report on investment impact. The platform provides real-time analysis of investments' environmental and social impacts, ESG results, and exposure to climate-related risks, affording the highest degree of transparency and accountability.

The platform equips clients to become stewards of their own investments by providing relevant

information and reporting, including insights into the impact programme and mandate execution, qualitative and quantitative indicators, performance tracking, and data visualisation tools. Clients can see how the impact budget has been allocated by country, sector, or impact pillar, and make data-driven decisions by monitoring investment performance relative to KPIs over time. Finally, the platform fosters collaboration and engagement among stakeholders, encouraging them to share best practices and insights.



Our ESG approach

We believe that the proper management of ESG issues is critical to the long-term sustainability of businesses. Consequently, the consideration, integration, and active stewardship of ESG issues is fundamental to our investment process.

Our ESG assessment framework

Our ESG assessment framework is applied systematically to all our investments during due diligence and throughout their tenure. The framework assesses the alignment of prospective investments with applicable AXA IM RI policies, ESG regulations, standards and norms. This includes the International Finance Corporation’s Environmental and Social Performance Standards, the Environmental, Health and Safety Guidelines of the World Bank and the International Labour Organization.

The ESG assessment framework covers a comprehensive list of potential adverse impacts in line with emerging regulations. It takes account of a range of ESG issues such as climate risks, biodiversity, pollution, health and safety, human rights, governance concerns and more. The ESG assessment framework also determines the investee’s performance on material ESG issues and identifies areas where improvements are needed.

Monitoring ESG performance

We actively monitor the implementation of action plans and overall ESG performance throughout our investment tenure. To address areas of improvement, we developed Environmental and Social Action Plans (ESAP) in collaboration with investees. The ESAP details the necessary actions for environmental and social issues identified in investment monitoring activities. It also includes the responsibilities and timelines to complete the corrective action.

Case study

Measuring GHG emissions

In 2023, we adopted climate action as our engagement theme for our Natural Capital and Impact Investment business line. We aim to foster the greater engagement of small to medium enterprises in the fight against climate change and encourage them to reduce their operational GHG emissions.

To start, we conducted a survey to build a baseline understanding of how our investees measure, manage and monitor emissions across various emissions scopes – Scope 1, 2 and 3. The findings showed differing levels of understanding and challenges. While some investees are relatively advanced with credibly measured footprints and established SBTi-related targets, others are relatively nascent in their climate action plans. The biggest challenge the investees face is the Scope 3 GHG emissions measurement and management.

As these first insights align with our active ownership approach and stewardship responsibilities, we appointed a consultant to support our investees in their journey towards climate action. The consultant’s remit includes GHG emissions measurement, the definition of reduction strategies and the identification of opportunities to offset residual emissions through carbon offsets.

We believe this approach will enhance knowledge and accuracy and build a credible baseline for climate action by our investees. We will share the results of this thematic engagement in future stewardship reports.

Lessons learned

In the 11 years since the launch of our Impact Investing strategy, we have invested in tens of projects worldwide. By focusing on large-scale issues with significant funding gaps, we have been able to achieve meaningful social and environmental impacts. These are our key insights from our impact journey.

- 1 Long-term capital**

Impact investors must be willing to provide patient and flexible capital and support investees through various economic cycles.
- 2 Shared purpose**

Management teams should have a strong sense of purpose and a common understanding of the impact mission must be cascaded throughout the company or project.
- 3 Aligned interests**

Understanding and aligning beneficiary interests with the impact mission is key to achieving impact and financial objectives.
- 4 R&D as a success marker**

Successful companies are constantly innovating and investing in research and development to take advantage of emerging opportunities.
- 5 Focus on risk**

Proper attention to risk management, including ESG risks, is critical for the successful execution of an impact strategy.
- 6 Digitalisation**

Adoption of technology and digitalisation can promote efficiency in resource- constrained settings.
- 7 Climate resilience**

It is important to build climate resilience in all investment strategies, even those that target other impact goals as a priority.
- 8 Policy context**

Investors do not operate in a vacuum. Shifting geopolitics and increasing regulation impact strategies, projects and returns.



Operating Principles for Impact Management

Our impact management system is aligned with the Operating Principles for Impact Management. AXA IM Alts is a founding signatory to the Principles and a Member of the Advisory Board.

Principle 1 ✓

Define strategic impact objective(s), consistent with the investment strategy

Our guiding impact thesis is to address the needs and aspirations of underserved people globally while protecting the natural environment in which communities are based and where they earn their livelihoods. We utilise alternative assets and a private market approach to access a large pool of diversified investment opportunities that aim to generate impact outcomes at scale. We have adopted the UN Sustainable Development Goals (SDGs) as an overarching guide to test the credibility, relevance, scale of impact, and contributions of our investments to the sustainable development needs of our people and planet. We use the SDGs to identify global needs and regions where our capital and other inputs are needed to deliver credible impact. We currently contribute directly to 13 of the 17 SDGs.

Principle 2 ✓

Manage strategic impact on a portfolio basis

We establish a clear pre-investment impact identity for each of our funds, which is based on the established mission and objectives of the fund. This impact identity guides portfolio construction, the selection of underlying investments for each fund and the management of expected impact and financial performance at a portfolio level. Our Investment Committee monitors overall portfolio and strategy performance regularly at our quarterly review meetings, and as necessary throughout the year. Impact strategy teams are rewarded on the basis of impact and financial performance. At the corporate level, we incorporate ESG integration goals across all investment teams.

Principle 3 ✓

Establish the Manager's contribution to the achievement of impact

The stage and impact focus of our strategy means that we are often one of the first institutional investors in a portfolio company. Our investments and work with these companies help demonstrate the commercial opportunity in impact-focused businesses, businesses in emerging economies, and businesses working to solve complex societal challenges. In addition to capital, we provide access to the knowledge and resources of the broader AXA IM and AXA Group to support investee development and the delivery of impact at scale.

Principle 4 ✓

Assess the expected impact of each investment, based on a systematic approach

All investments are assessed against their alignment with the impact objectives of a fund. We have established an assessment framework that follows the Impact Management Project's (IMP) Five Dimensions of Impact to determine expected impact. We also take account of the Global Impact Investing Network's (GIIN) Navigating Impact Project and IRIS+ to confirm strategic goals, the expected contributions of each investment, the impact metrics, and key performance indicators relevant to different themes. Our objective is that each investment clearly states the impact metrics, key performance indicators (KPIs), and targets against which impact performance will be assessed.

Principle 5 ✓

Assess, address, monitor, and manage potential negative impacts of each investment

All investments must respect our Responsible Investment Policies and are assessed against best practice standards. ESG risks and relevant management resources are identified and reviewed quarterly. We take corrective actions to address any ESG concerns that have not been successfully managed. ESG Action Plans are established and progress reviewed where relevant.

Principle 6 ✓

Monitor the progress of each investment in achieving impact against expectations and respond appropriately

We document target financial and impact returns, qualitative and quantitative, of each investment in our Investment Committee memos and actively monitor the performance of our investees over the tenure of our investment. We are active stewards of our investments and use corporate governance tools such as board membership to monitor and influence impact performance.

Principle 7 ✓

Conduct exits considering the effect on sustained impact

Our key exit discipline is to invest in business models that are supported by and benefit from providing solutions to a defined underserved beneficiary group or environmental challenge over the long term; and where impact considerations will support the rationale for acquisition by a purchaser. Our preference is for responsible exits, where the acquirer supports the impact objectives. Ultimately, exits will be determined taking account of impact considerations, our fund tenure, and our fiduciary responsibility to our clients.

Principle 8 ✓

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

Impact performance is reviewed at investment, portfolio, and strategy level. We establish impact targets for our investments to allow for a more structured evaluation of performance-reviewed impact targets. The insights from our review process inform the effectiveness and use of our Impact Investing capital and also the continued evolution of our Impact Investing strategy.

Principle 9 ✓

Publicly disclose alignment with the Principles and provide regular independent verification of the alignment

Our disclosure statement is updated annually and verified periodically by Ernst & Young.

Aligning with additional industry standards and norms

We play an active role working with other leaders to establish best practice standards and norms around Impact Investing. These standards have different objectives, from ensuring the credibility of Impact Investing to agreeing common reporting standards for ease of comparability of impact strategies by clients.



Our impact investing practice aligns with the following standards, norms and practices in the industry:



Our impact process takes account of the SDGs as an overarching guide used to test the relevance of our mission and the contributions of our interventions to the sustainable development needs of our people and planet. We select Goals, Targets and Indicators that are particularly relevant to our impact mission, rather than addressing all 17 Goals in our strategy.



The IMP framework is an approach that has gained currency amongst impact investors as an industry consensus on how to measure, compare, manage and report on the impact contributions of investments. We use the five dimensions of the Impact Management Project (IMP) (What, Who, How Much, Contribution and Risk) to assess potential investments and evaluate the impact performance of our investments. AXA IM is a funder of and an advisor to the IMP.



AXA IM is an active signatory of the PRI and we align our practices with the six principles of the PRI by incorporating the consideration of environmental, social and governance issues into our investment processes.



This initiative by the Global Impact Investing Network (GIIN) engages experts in each impact theme to build the key elements of an impact strategy and adopt common metrics that indicate performance towards impact goals. AXA IM is an active contributor to this initiative as a common goal that enhances the credibility of Impact Investing.



The GIIN-sponsored IRIS+ is a generally accepted system for measuring, managing and optimising impact with a particular focus on identifying key impacts. We use IRIS+ to source generally accepted metrics to track, compare and report.

IMPORTANT NOTICE

Risk Factors: The nature of this strategy will involve investing in the private markets, often in emerging market countries, so the strategy is exposed to certain risks that are but not limited to: performance, impact measurement, liquidity, valuation, concentration, geopolitical, currency, tax, legal, etc. This list is not exhaustive.

No Assurance of Investment Performance: The strategy has not commenced operations and, accordingly, has no operating history upon which prospective investors may evaluate its likely performance. There is no assurance that the Investment Objective will be achieved at any point in time and that the strategy will be able to generate any investment performance. There is a risk of loss of the entire capital invested by the Investors.

Impact measurability may be subjective: Impact projections and results are based on information provided by investee companies and projects. Impact measurement may be subjective in nature and covers a wide variety of possible key indicators that constitute the Impact Performance of the strategy. The data and measurement techniques may be specific and subjective to each underlying investment.

Liquidity risk: Not all securities or instruments invested in by the strategy will be listed or traded on an organised exchange or other venue. Further, the strategy may hold trading positions in unlisted securities and markets that are volatile and of limited liquidity. Timely divestiture or sale of trading positions may be impaired by, among other things, decreased trading volume, increased price volatility, concentrated trading positions, the limitation on the ability of the strategy to transfer transactions to which the strategy may be a party, and the overall position size. It may be impossible or costly for the strategy to liquidate or unwind positions prior to the maturity of any position, particularly if there are other market participants seeking to dispose of similar assets at the same time or if the relevant market is moving against the position. Accordingly, the accumulation and disposal of holdings in some investments may be time-consuming and may need to be conducted at unfavourable prices. The strategy may also encounter difficulty in disposing of assets at a fair price and may incur high transaction costs and fees in doing so.

Valuation risk: The strategy will invest the whole or potentially a large part of its assets directly or indirectly in illiquid and/or unquoted securities or instruments. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will be achieved.

Sourcing/Operations risk: The investment sourcing process for the strategy is completed over a 3-year long ramp-up period. The nature of the strategy involves a lengthy due diligence process which could result in broken deal costs should an investment not reach execution.

Market risk: The strategy is focused on Emerging Markets, which is considered to carry higher ancillary risk that could affect the performance of investments. The strategy could have a high concentration in Emerging Market geographies.

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