

AXA IM Prime Responsible Investment Policy

January 2024

Who we are

AXA IM Prime is a fully integrated provider of investment solutions across private markets, including private equity, private debt, infrastructure, and hedge funds. It operates within AXA Investment Managers (AXA IM) – sitting alongside the AXA IM Core, AXA IM Alts and AXA IM Architas business units – and AXA Group, a worldwide leader in insurance and asset management, is an anchor investor.

With €34 billion of AuM¹ and proven experience in its core strategies, AXA IM Prime combines the ambition of an entrepreneur with the confidence of an institution.

Its experience of both the buy-side and the sell-side gives AXA IM Prime a deep understanding of its clients' needs and a differentiated perspective of the investment world. Through its team's insights, resources and expertise, AXA IM Prime aims to be a stop shop and a first call provider of private markets solutions to both General Partners (GPs) and Limited Partners (LPs), globally.

The holistic nature of AXA IM Prime's offering encourages the team to push boundaries and innovate to generate opportunities. Combined with its ability to embrace a diverse range of strategies across primaries, secondaries and co-investments, AXA IM Prime is well positioned to capture attractive investment opportunities for its clients; and to construct its portfolios in a distinct, thoughtful, and competitive manner.

Vision

AXA IM Prime is an advanced ESG² investor that aims to creating sustainable value by encouraging best practices in private markets. One of its goals is to promote sustainable ambition in the sector, a philosophy which is directly rooted in AXA IM's DNA to act for human progress by investing in what matters.

We work in the following way to achieve this goal:

- ❖ Implementing a robust ESG selection and monitoring process at firm and funds levels to manage risks and identify opportunities across all asset classes and throughout the whole investment cycle;
- ❖ Influencing our partners to promote the deployment of ESG best practices in private markets;

¹ AuM means Assets under Management or advisory. Figure as of 30 September 2023.

² ESG refers to Environmental, Social and Governance issues.

- ❖ Supporting the deployment of capital towards products investing in social and environmental solutions and helping to tackle climate change.

Each of these steps are described in more detail below under “ESG integration in practice”.

ESG integration in practice

AXA IM Prime aims to implement ESG integration in the whole investment cycle from pre-investment to exit phase/maturity.³ The process described below is adapted to the specificities of each investment solution and the type of investment (primaries, secondaries, co-investments), as required.

Pre-investment

AXA IM Prime has a threefold ESG due diligence process, which helps investment teams integrate ESG into investment decisions and risk management and helps identify sustainable value creation opportunities.

1. **Sectorial Policies:** For primary and co-investments,⁴ AXA IM Prime will not invest in portfolios which do not comply with AXA Group and AXA IM’s⁵ sectorial policies.⁶
2. **Minimum ESG criteria:** AXA IM Prime will only invest in portfolios whose ability to manage ESG risks and opportunities is demonstrated by membership of the [Principles for Responsible Investment \(UN PRI\)](#), or the existence of an ESG policy, a senior-level oversight of ESG, and an internal or external staff implementing ESG, or by a commitment to build the above-mentioned capabilities within 12 months.
3. **Scoring of targets’ ESG capabilities:** AXA IM Prime has developed a proprietary ESG Due Diligence & Monitoring Questionnaire (ESG DDMQ) based on industry best practices and recognized international standards, which allows it to score investment opportunities at both the investment firm and fund levels. This ESG score (i) includes minimum requirements, which must be satisfied in order for the investment to be investable by AXA IM Prime (ii) favors strong performers in the overall investment case, and (iii) provides a starting diagnosis for performance monitoring, engagement with third party general partners and future improvements.

Investment / Holding Phase

AXA IM Prime recognizes that the investment/holding phase constitutes an important opportunity for dialogue with third party general partners and managers. AXA IM Prime has put in place a structured approach to ESG monitoring and engagement, with the aim of contributing to risk management and sustainable value creation during the ownership/holding phase. Monitoring and engagement activities are carried out directly by the investment team in collaboration with the ESG Team as required.

1. **Monitoring investees on an annual basis:** investment teams, in collaboration with the ESG Team, and subject to availability of ESG data from portfolios, monitor and update ESG scores, and request relevant ESG data, using the ESG DDMQ. The tool also enables a dynamic review of ESG-related risks and opportunities, as well as identification of ESG Key Improvement Areas (for example, gender equality performance, quality of transparency and reporting). The

³ Where relevant, depending on the asset class.

⁴ For secondary investments, the materiality of potential exposure to activities in-scope of AXA IM and AXA Group sectorial policies is assessed during the investment due diligence phase. Exposure to activities in-scope of AXA IM and AXA Group sectorial policies is measured based on information available with the intent to limit to an ancillary amount.

⁵ AXA IM Sectorial and ESG Standards policies are available here : [Sustainability Policies and Reports | AXA IM Corporate \(axa-im.com\)](#)

⁶ AXA IM’s sectorial policies are: Controversial weapons, Climate risks, Ecosystem Protection & Deforestation, and Soft Commodities derivatives. These sectorial exclusion policies are available on AXA IM’s website.

investment teams in collaboration with the ESG Team monitor these matters through annual meetings with the investees.

2. **Engagement and promotion of ESG with investees:** the investment teams in collaboration with the ESG Team engage in structured and strengthened dialogue with investees with the objectives of:
 - a. ensuring compliance with AXA IM Prime’s ESG integration approach and clauses;
 - b. assessing positioning against regulation requirements, ESG innovation & trends;
 - c. discussing ESG data reporting expectations at entity and portfolio levels; and
 - d. identifying investment opportunities.

When appropriate, AXA IM Prime will suggest ESG improvement initiatives to investees based on observed market best-practices and benchmarking.

Exit

To leverage the ESG achievements generated or observed during ownership and differentiate from peers, AXA IM Prime will aim to produce, when relevant,⁷ an ESG summary at the exit phase:

- encapsulating key ESG data and evolution during ownership;
- showcasing the main ESG achievements; and
- sharing additional untapped ESG levers.

Transparency & Reporting

AXA IM Prime strives for communicating as transparently and comprehensively as possible with all its stakeholders on the ESG performance of its funds and products. All ESG-related reports at a corporate level are publicly available on AXA IM’s website. In addition, AXA IM Prime will make available to its clients, on an ad hoc basis, the ESG report of its funds and products. Information pertaining to the consideration of Principal Adverse Indicators is available on AXA IM’s corporate website.⁸

Human resources

Conscious of the importance of engaging with all business functions to ensure effective ESG integration practices in all elements of the investment process, AXA IM Prime has chosen to adopt a decentralised approach to resourcing ESG capabilities. A dedicated team of ESG professionals (ESG Team) constitute the core ESG function of AXA IM Prime and is in charge of designing and implementing AXA IM Prime’s overall ESG strategy, in alignment with the AXA Group and AXA IM’s ESG policies and under the supervision of AXA IM Prime’s Responsible Investment Committee. A network of ESG Champions across all investment and support functions are then contributing to the day-to-day implementation, alongside their other responsibilities.

ESG Team

As of October 2023, AXA IM Prime has a dedicated team of 3 FTEs who are subject matters experts on ESG and lead the ESG approach and integration at AXA IM Prime. The ESG Team supports AXA IM Prime’s investment teams in the implementation of AXA IM Prime’s ESG integration strategy. The ESG Team is notably responsible for managing the internal governance of ESG matters (see “Governance” section below) and work closely with AXA IM Prime’s ESG Champions in the investment and support functions and under the supervision of AXA IM Prime’s Responsible Investment Committee.

ESG Champions

To support the day-to-day implementation of AXA IM Prime’s ESG strategy, AXA IM Prime has established an internal network of ESG Champions. Each investment team and support function has at least one nominated ESG Champion, who is responsible

⁷ The opportunity to leverage ESG improvement at exit will only be available in a limited number of cases, depending on the structure of the investment.

⁸ <https://www.axa-im.com/our-policies-and-reports>

for promoting the implementation of AXA IM Prime's ESG strategy into their teams' daily work. The ESG Team provides subject-matter expertise, training, and guidance on key ESG issues to ESG Champions.

The ESG Champions and the ESG Team meet at least monthly to discuss best practices, share knowledge, and work on operational matters relating to ESG integration at AXA IM Prime.

Training

All AXA IM Prime employees have access to a range of online training resources specific to ESG. Additional ESG-specific internal training is also made available to the ESG Champions by the ESG Team to support them in their daily work.

In addition, as part of the AXA Group, all AXA IM Prime employees must complete the AXA Climate Academy, a training program developed internally by AXA Climate to train employees on climate change. The AXA Climate Academy has five key objectives:

- build awareness on AXA's climate strategy;
- develop and increase climate literacy;
- develop and increase understanding of the impacts of climate change on our business;
- encourage change in employee behavior and attitude towards climate change; and
- develop employee's ability to think critically about climate topics.

Governance

Responsible Investment Steering Committee

The AXA IM Prime Responsible Investment Steering Committee is an internal body constituted with the purpose of overseeing all aspects of AXA IM Prime's ESG Strategy and its implementation. All members of AXA IM Prime's Executive Committee, and senior representatives from Legal, Compliance and Risk functions, and the ESG Team, constitute the members of the Responsible Investment Steering Committee.

Additionally, the Head of ESG and Sustainability is a member of the Executive Committee of AXA IM Prime and a member of the AXA IM Prime Investment Strategic Committee which has oversight of investment decisions.

Broader AXA IM governance

As a part of AXA IM, AXA IM Prime benefits from, and participates in, AXA IM-wide governance of ESG matters. The Head of ESG and Sustainability is a permanent member of AXA IM's key decision making bodies for matters relating to ESG and sustainability.

Stakeholder Engagement

AXA IM Prime supports a range of sustainability initiatives through AXA IM, positioning us as a key contributor to industry efforts towards standards setting and best-practice sharing. AXA IM Prime is a member of initiatives specific to private markets to help support best practices in ESG in our area of activity and to contribute to thought leadership. In particular, AXA IM Prime is a member of the **initiative Climat International (iCI)**. The iCI is a collective commitment to reduce carbon emissions of private markets-backed companies and secure sustainable investment performance by recognizing and incorporating the materiality of climate risk, supported by the UN PRI.

UN PRI

AXA IM has been a signatory of the **UN PRI** since 2007. As a signatory, AXA IM participates in the annual PRI assessment program to benchmark policies and practices against those of relevant peers. AXA IM's UN PRI Transparency Reports can be consulted on the UN PRI's website.

Supporting the community: the AXA IM Research Award

The AXA Research Fund seeks to support scientists of the highest calibre and potential whose research projects are innovative and transformative.

The Head of ESG & Sustainability is a jury member of the AXA IM research award which, in partnership with the AXA Research fund, recognises the key role of research in enabling a just and green transition.

Disclaimer

Whilst reasonable care has been taken by AXA Investment Managers to ensure that this document is current at the date of issue, no warranty of accuracy is given and any information contained within it may be subject to change without notice. The ESG modelling process engaged in by AXA IM is complex and involves research embedding uncertainty. AXA IM also relies on information and data collected from third party data providers which may prove to be incorrect or incomplete. Although AXA IM applies a rigorous selection process of such third party provider and seeks to provide appropriate levels of oversight, its processes and proprietary ESG methodology may not necessarily capture appropriately the ESG risks. One of the challenge faced by investment managers to integrate sustainability risks or PAI in their investment process is the limited availability of data relevant for that purpose: such data is not yet systematically disclosed by issuers, may be incomplete and when disclosed may follow various methodologies. Most of the ESG factors information is based on historical data and that they may not reflect the future ESG performance or risks of the investments. The AXA IM assessment of the PAI on the fund's return may not be accurate and a sustainability event may affect the fund's performance.

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