

Defining strategic impact objectives: AXA Impact Fund – Climate & Biodiversity



Impact investment at AXA Investment Managers follows a simple guiding principle—what we do should deliver outcomes that are intentional, measurable, and positive. This principle lies at the heart of the AXA Impact Fund - Climate & Biodiversity, our third impact fund and one focused on the ecosystems that will support our world into the future.

We believe that finance has a role in fostering a society that supports fairness and equity, as well as an environment that can sustain our population and our investments over the long term. This is core to our identity, and is embedded in what we do and in how we serve our clients.

This is why we established the AXA Impact Investing (Private Equity) strategy in 2012. Our objective was to use our institutional investing expertise to demonstrate that investors can address critical social and environmental challenges and generate positive outcomes for people and the planet, all while meeting fiduciary obligations to generate risk-adjusted financial returns. Our core impact program deploys capital through alternative assets—private equity, venture capital, private debt, and project finance—providing access to the

deepest and most diversified investment opportunity sets to generate impact

“Addressing eroding biodiversity is a complex but increasingly pressing challenge. Nature produces elements essential to human activity and to our very survival, from food and shelter to medicines’ active ingredients. Moreover, diverse ecosystems are key to tackling climate change, as flourishing forests and well-preserved oceans absorb carbon emissions. Conversely, climate change accelerates biodiversity loss, creating a vicious circle. Our dependence on diverse ecosystems to thrive, if not survive, is therefore not to be doubted.” — Thomas Buberl – AXA Group CEO

outcomes.

The Climate & Biodiversity fund, launched in July 2019, was developed in response to increasing concerns about how climate change threatens biodiversity. Our parent company AXA Group has been at the forefront here, and at the G7 Environment meeting in May 2019 launched **“Into the Wild – Integrating nature into investment strategies,”** a joint report with the World Wildlife Fund France. The report highlighted the economic and financial impacts of biodiversity loss and climate change.

The Fund will invest up to \$200 million of capital into credible solutions that deliver those intentional, measurable, and positive outcomes, targeting both climate change and the loss of biodiversity. It will invest to promote mitigation, adaptation, and resilience in relation to these critical environmental challenges.

To do that, we will seek out projects , such as those in the Peruvian region of Madre de Dios (see below) that **Protect Natural Capital; Promote Resource Efficiency;** and improve the **Resilience of Vulnerable Communities** to the effects of climate change and biodiversity loss.

The success of the Fund will be measured according to two criteria, financial and impact. Our investments are expected to generate market-rate financial returns. In addition, we have identified key performance indicators and expect our investments to contribute at significant scale to **Co2 emissions reduction, healthier ecosystems, habitat conservation, and empowerment of vulnerable people and communities.**

KPI	Target Outcome	Performance Indicators
KPI -1	Climate change mitigation	Tonnes of CO2 avoided
KPI -2	Landscape conservation	No of Hectares under improved management
KPI - 3	Habitat protection	Area of critical habitat conserved or protected (for globally important or threatened species (ha)
KPI - 4	Climate Resilience	No of people empowered

The Fund will directly address six of the UN Sustainable Development Goals (SDGs) that tackle climate change and environmental degradation and we will monitor, manage, and measure the direct contributions made by our investments to these SDGs. The Fund is a further demonstration that we recognize the need for new capital to meet both the social and environmental challenges identified by the SDGs.



Illustrative Investment - Forest Conservation in Peru



We are investing capital and working with a range of partners and stakeholders to restore degraded lands and prevent deforestation of primary forest in the Madre de Dios region in Peru while helping smallholder farmers to develop sustainable agroforestry livelihoods.

This primary forest is home to thousands of plants, fish, and animal species, including species listed as endangered by the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES).

The positive impacts of the investment are clear: protection of 600,000 hectares of high value ecosystems, 2.5m tonnes of carbon emissions savings through natural sequestration, over 30 High Conservation Value Species Protected, and improved income generation for 300 smallholder famers and their families.
