

ESG Roundtable Beyond planet: Investing in people

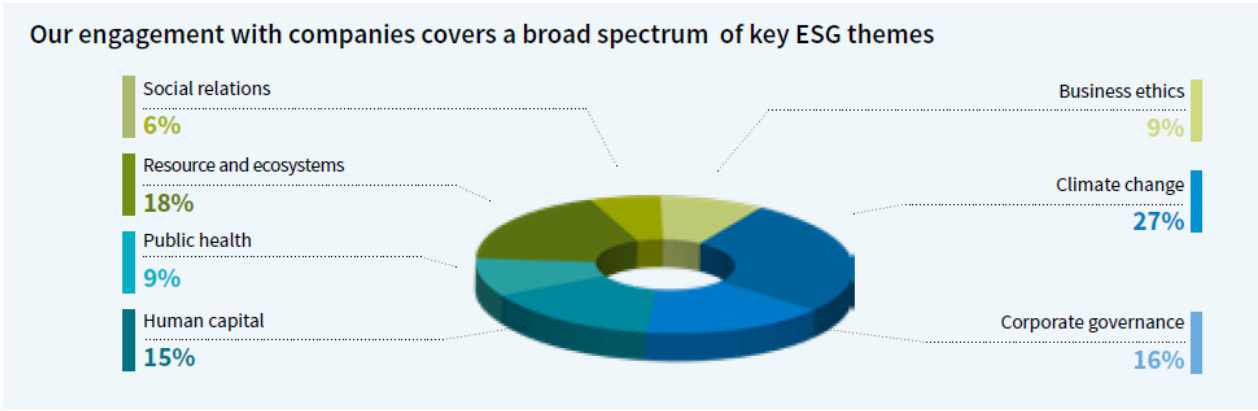
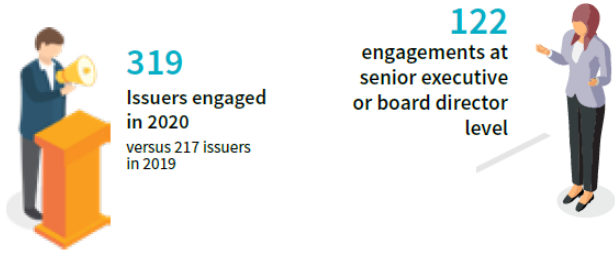
Wednesday 21 April, 2021

Anne Tolmunen, Portfolio Manager, AXA IM Framlington

Marie Fromaget, ESG Fundamental Analyst

Engagement - 2020

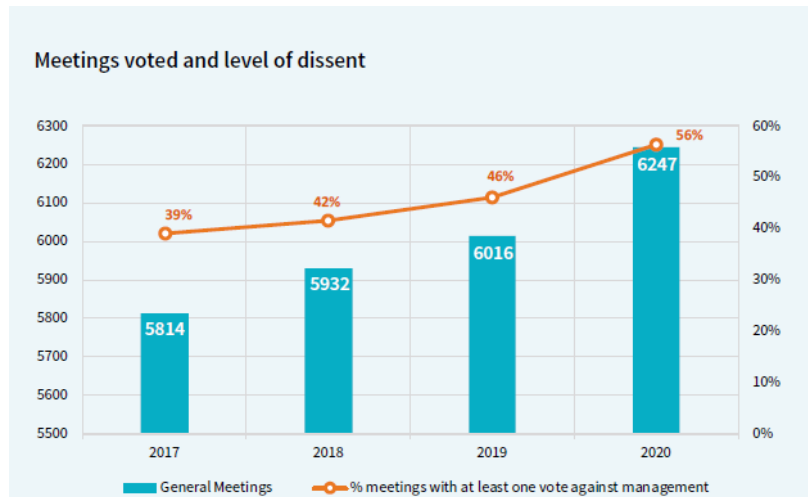
Our engagement activity in a snapshot



More than 80% of our engagements in 2020 were linked to the UN Sustainable Development Goals (UN SDGs).

Voting statistics - 2020

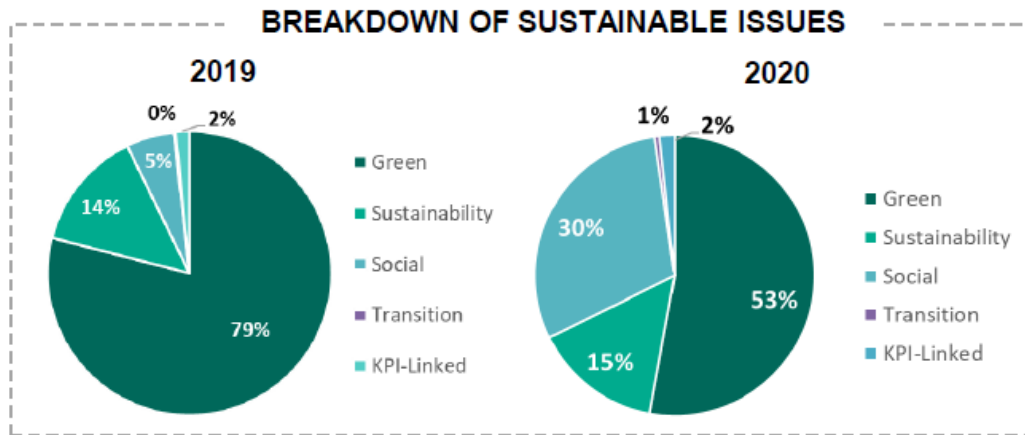
Notable voting activity increase vs 2019



Social impact across all asset classes (1/2)

Social bonds – clear and defined social objective

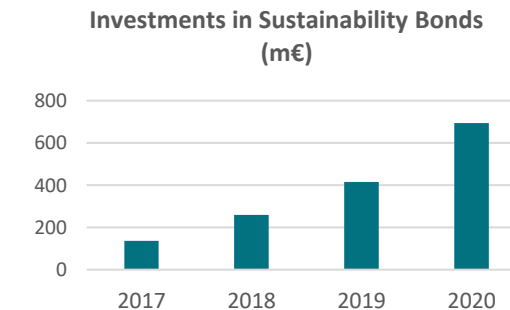
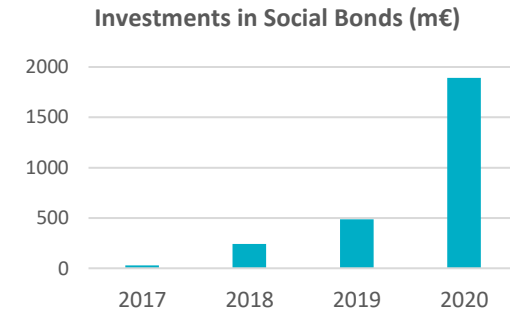
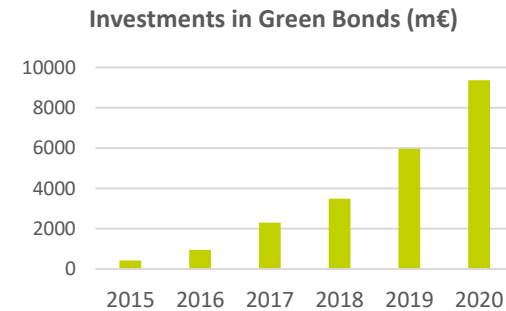
Social bond issuances have boomed in 2020 both in volume and % of total sustainable supply



Source: BNP Paribas, Bloomberg

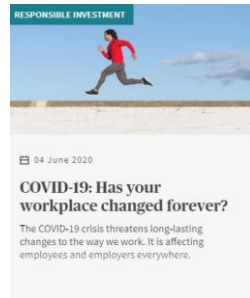
- 2020 Social Bonds issuance: \$140bn
- 2020 Sustainability Bonds issuance: \$65bn
- Forecasts for 2021:
 - \$310 - \$360bn of green bonds
 - \$180 - \$240bn of social bonds
 - \$60 - \$100bn of sustainability bonds

AXA IM investments



Social impact across all asset classes (2/2)

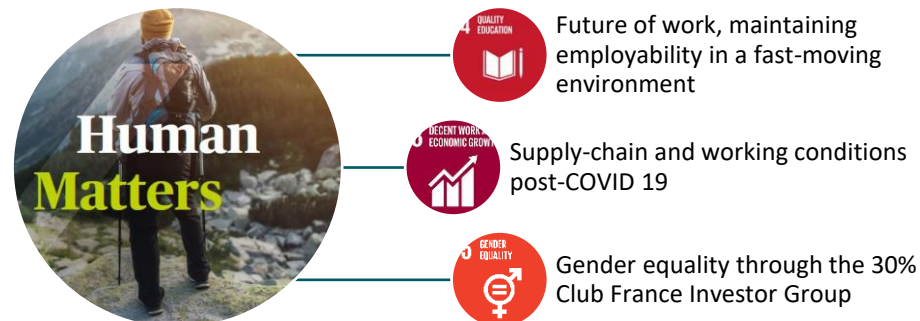
Human capital research – help integrate impact considerations within investments



Our research

- Spots the most important social trends to watch
- Consistently approaches social issues from a financial and impact perspective – through an innovative lens
- Provides engagement recommendation to positively influence corporate behaviors

Our focus for 2021



Social cannot be overlooked anymore

Social awareness is a rising topic leading to huge changes in the society, with the ultimate objective of **reducing the social cost through improved access and living conditions**



Medical progress

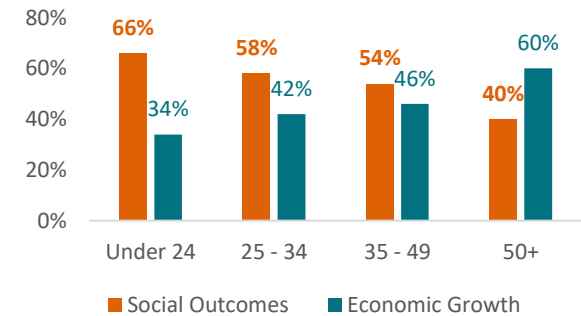
is drastically accelerating thanks to public health and safety topics being raised at the top of organization's agendas, with an increased importance around hygiene and prevention.

In **Q4 2020 alone**, in private markets, **\$14.7bn** were invested globally in Biotechnology, Medical Devices & Equipment and other healthcare-related industries¹.



COVID-19 AND THE CALL FOR SOCIAL PROGRESS

Post Covid-19 Priorities by Age³



Technology democratization

is bringing fast-pace change, transforming the way underserved parts of the population can access essential services. Entrepreneurs are flourishing thanks to enhanced tools, as well as the much lower barriers to global market entry.



The rise of developing nations

is becoming clearer by the day, with huge swathe of the world population elevating their needs and aspirations. From 2009 to 2030, the World's middle-class growth is expected to be **84% in Asia, 60% in Middle East/Africa and 42% in Latin America**².

Sources: 1. Healthcare MoneyTree Report Q4 2020, PwC, CB Insights, 4 January 2021. 2. AXA IM/OECD as at December 2018. 3. [Why social progress is critical to thriving societies and businesses](#), IPSOS, 2020. For illustrative purposes only. Past performance is not a guide to future performance. No guarantee or representation is made that investment objectives stated will be achieved Each specific client or investor's experience may vary.

Global challenges need Impact capital

The UN Sustainable Development Goals (SDGs)

We have identified 10 key SDGs which directly or indirectly address people's needs



767 million people live below the international poverty line

793 million people are undernourished globally

1 doctor and 2 nurses per **1,000 people** in least developed countries

Only **4 in 10 children** participate in pre-primary and primary education in least developed countries

Natural resource inputs are doubling due to material consumption

880 million urban residents live in slum conditions

Source: The Sustainable Development Goals Report 2018.

3 key sub-themes aligned with primary UN SDGs

Social Progress strategy

Access

- Affordable Housing
- Essential Infrastructure
- Financial & Digital inclusion

Improving access and providing services to increase inclusion will help create economic moats in large addressable markets
Tag Immobilien – Bank Rakyat – Helios Towers

Protect

- Healthcare solutions
- Safety

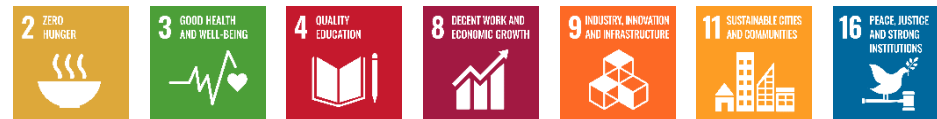
Getting the right protection will allow people to focus on other material aspects of their lives
Eurofins – Rentokill – Everbridge

Progress

- Education
- Entrepreneurship
- Wellbeing

People want to aspire to improving their conditions, and to thrive in their lives
Bright Horizons – IDP Education – Pageseguro

Direct SDGs targeted across the portfolio



Indirect SDGs targeted across the portfolio



Source: AXA IM as at 31/03/2021. For illustrative purposes only. These are internal guidelines which are subject to change without notice. Please refer to the prospectus for the fund's full investment guidelines and risks. Information regarding the portfolio characteristics above is provided for reference only and does not represent the experience of the strategy nor is it intended as a representation or warranty by AXA IM or any other persons or entity as to the actual composition of or performance of any future investment. No assurance can be given that the strategy will be successful or achieve its objectives AXA IM reserves the right to modify any of the procedures, process and controls described herein at its discretion.

Equity Impact framework

AXA IM's five pillars to impact investing

Five key pillars to characterize impact investing and differentiate it from other approaches to responsible investing



Intentionality

Investments should be made with an upfront objective of positive social or environmental outcomes. Companies can also demonstrate an intentional, strategic commitment to positive impact



Materiality

Invest in companies where the positive outcomes are of material significance to the beneficiaries, the company, or to both.



Additionality

The extent to which a company is making its 'needed' products and services more accessible or commercially viable, for example through innovative new solutions or lower pricing.



Negative Externalities

Company's corporate practices, or products and services, may significantly undermine the positive impact it is generating elsewhere.



Measurability

There needs to be a clear methodology and commitment to measuring and reporting the social and environmental performance of investments.

Scoring pillars from 1 to 5 (1 being the best score) to reach an overall score and qualify for an impact category

Source: AXA IM as of 31/03/2021, for illustrative purpose only. These are internal guidelines which are subject to change without notice.

Stock examples

PT Bank Rakyat Indonesia – Impact Leader



Provides banking services to micro, SME, consumer and corporate customers with a focus on Micro, Small and Medium Enterprises (MSMEs)

Intentionality

- Offers a sustainable model for financialization in Indonesia. BRI has a strong focus on financial inclusion, serving 10.6m micro borrowers.
- The company targets growth in underserved segments, aiming to increase MSME loans to 80% of loan book and increase micro loans to 40% by 2022.

Materiality

- BRI provides financial services and contributes to SDGs 8, 9 and 1 through increasing access to financial services, offering loans to MSMEs. The Indonesian context (populous with large proportion underbanked) means this is a highly material issue

Additionality

- BRI's focus on growth in the micro segment demonstrates a focus on the underserved
- BRILink is a branchless banking channel aimed at increasing financial inclusion by working with customers so they can become agents, encouraging financial literacy in un-bankable communities

Negative consideration

- BRI finances environmentally harmful activities, including palm oil.
- However, 50% of palm oil financing was for RSPO certified sources, 30% to ISPO certified (Indonesian Sustainable Palm Oil Certification System) and 20% to suppliers in the process of gaining ISPO certification

Measurability

- The impact is measured through the proportion of micro-lending and the number of BRILink agents that help increase access to services for the underbanked

A BRILink agency



SDG Alignment



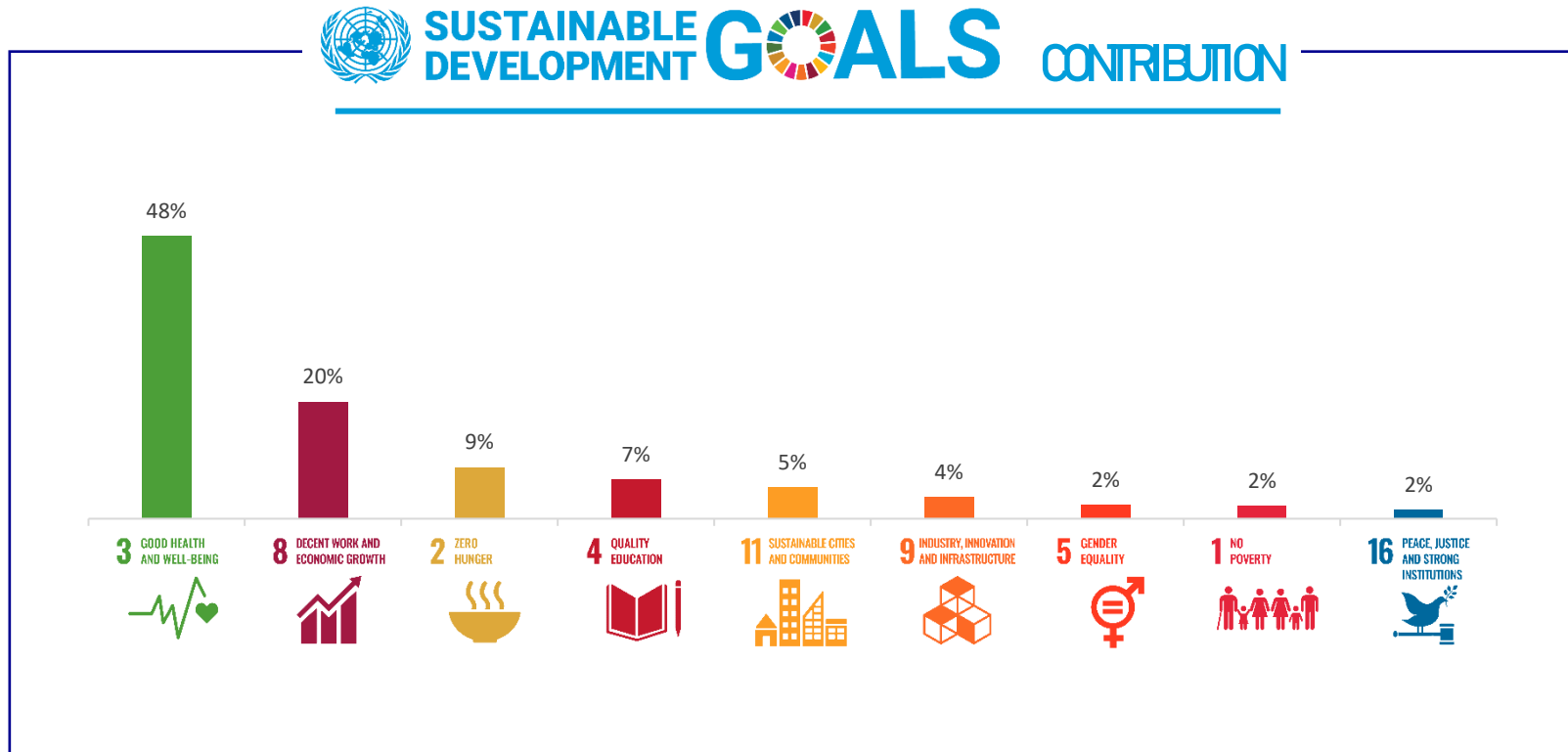
KPIs monitored

	2017	2018	2019
Micro Borrowers (in millions)	9.4	10.0	10.6
Number of BRILink Agents	279,750	401,550	422,160

Source: AXA IM, Bank Rakyat Indonesia Annual Report as of September 2020. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy.

AXA WF Framlington Social Progress

Primary SDG Contributions

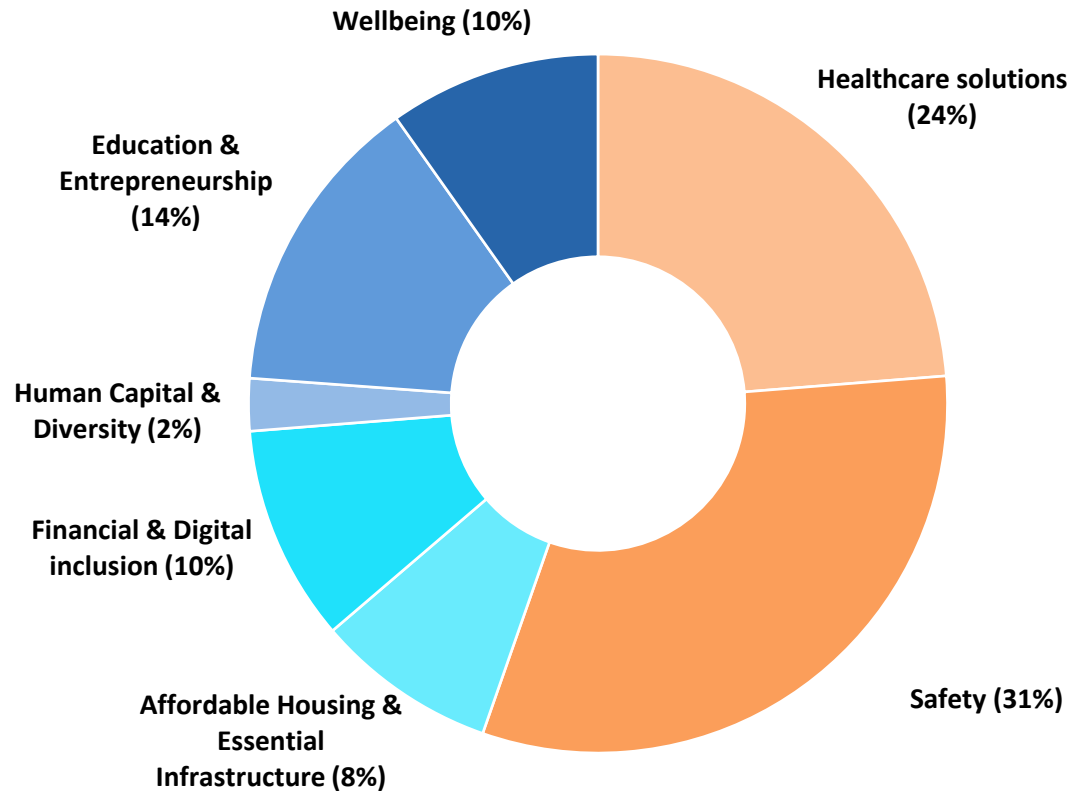


Source: AXA IM as at 26/02/2021. For illustrative purposes only. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Past positioning is not indicative of future positioning.

AXA WF Framlington Social Progress

Portfolio structure

Themes breakdown



Source: AXA IM as at 26/02/2021. For illustrative purposes only. No assurance can be given that the strategy will be successful or that investors will not lose some or all of their capital. Past positioning is not indicative of future positioning.

Framlington Social Progress Strategy

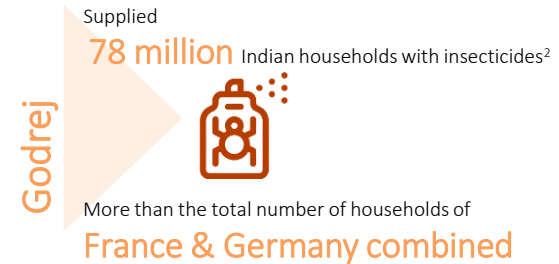
Social Impact Report

Stock level impact examples

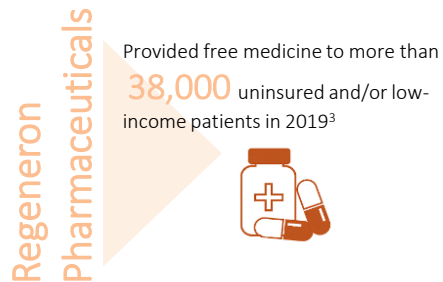
Financial inclusion



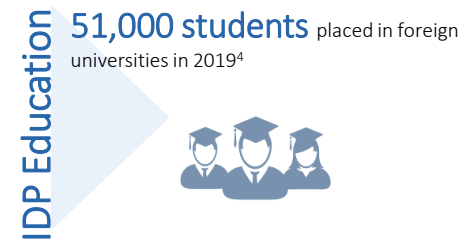
People safety – Hygiene



Healthcare solutions



Education



Source: AXA IM as of December 2020. Stock shown for illustrative purposes only and should not be considered as advice or a recommendation for an investment strategy. 1. Bank Rakyat Indonesia Annual Report. 2. Godrej Consumers Annual Report. 3. Regeneron Pharmaceuticals Annual Report. 4. IDP Education Annual Report.

Important Information

Not for Retail distribution: This document is intended exclusively for Professional, Institutional, Qualified or Wholesale Clients / Investors only, as defined by applicable local laws and regulation. Circulation must be restricted accordingly.

This document is for informational purposes only and does not constitute investment research or financial analysis relating to transactions in financial instruments as per MIF Directive (2014/65/EU), nor does it constitute on the part of AXA Investment Managers or its affiliated companies an offer to buy or sell any investments, products or services, and should not be considered as solicitation or investment, legal or tax advice, a recommendation for an investment strategy or a personalized recommendation to buy or sell securities.

Due to its simplification, this document is partial and opinions, estimates and forecasts herein are subjective and subject to change without notice. There is no guarantee forecasts made will come to pass. Data, figures, declarations, analysis, predictions and other information in this document is provided based on our state of knowledge at the time of creation of this document. Whilst every care is taken, no representation or warranty (including liability towards third parties), express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. Reliance upon information in this material is at the sole discretion of the recipient. This material does not contain sufficient information to support an investment decision.

Issued in the UK by AXA Investment Managers UK Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. Registered in England and Wales No: 01431068. Registered Office: 22 Bishopsgate London EC2N 4BQ. In other jurisdictions, this document is issued by AXA Investment Managers SA's affiliates in those countries.

© AXA Investment Managers