

Biodiversity In Practice

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Financial Investigator

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Biodiversity: Activity in the sector has accelerated

Strong commitment to Biodiversity

BIODIVERSITY COMMITMENTS



BIODIVERSITY ENGAGEMENT & DATA



AXA IM PRIVATE & PUBLIC MARKET INVESTMENT STRATEGIES

€600m

dedicated listed equity biodiversity strategies

€1.2 bn

to be engaged in Natural Capital Solutions by 2028

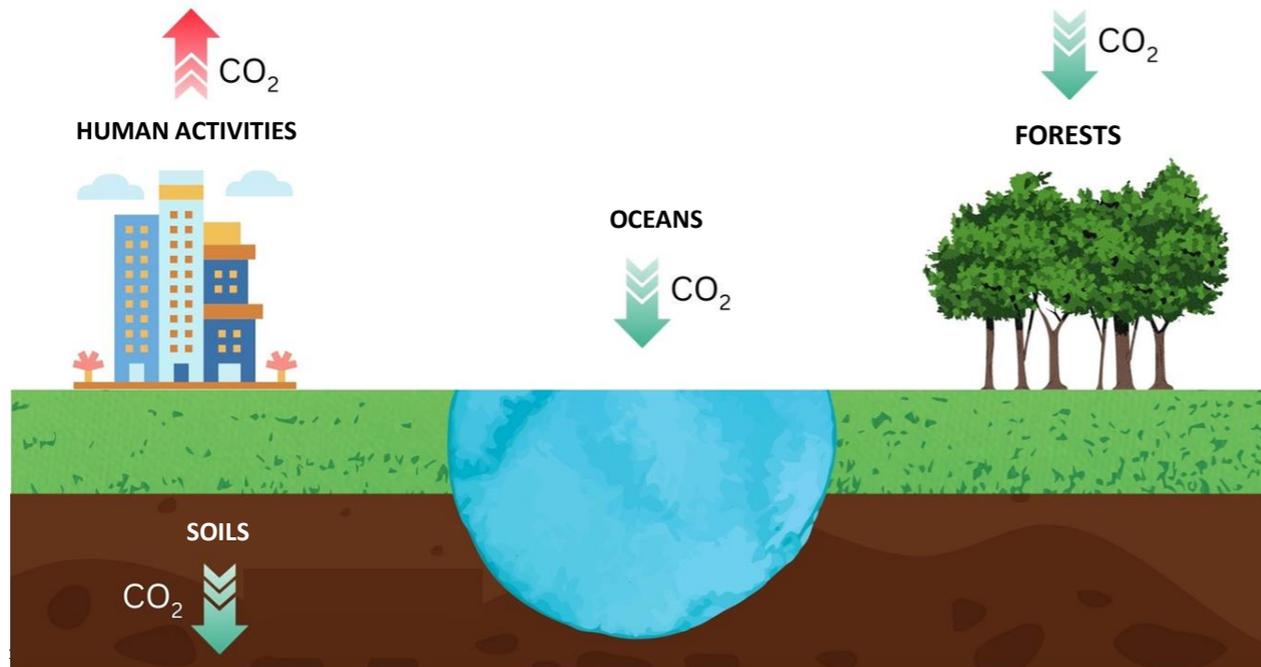
Exclusions & Stewardship & Reporting

Source: AXA IM as at December 2024.

Logos sourced from respective company websites: act4nature; businessfornature; financeforbiodiversity; icebergdatalab; tnfd; oceanriskalliances.

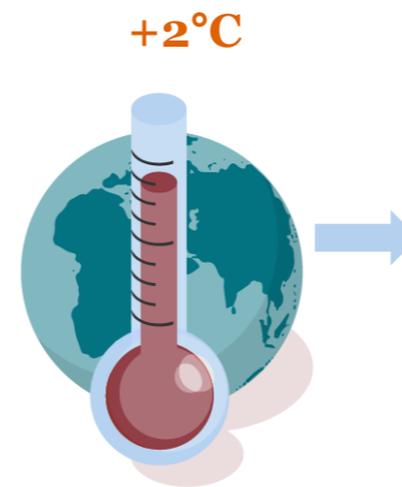
Climate change and Biodiversity are interconnected

Biodiversity is essential for limiting climate change...



50% of GHG emissions produced by human activities are absorbed by oceans, forests and soils

... while climate change is the second biggest driver of biodiversity loss after land use



Oceans are the biggest natural carbon sinks that can capture up to 4x more carbon than terrestrial forests

Source: www.un.org – Biodiversity – our strongest natural defence against climate change report , <https://www.un.org/en/climatechange/science/climate-issues/biodiversity>.

Biodiversity in Practice



Different ways to integrate Biodiversity in Investing

A variety of options exists in the market today



Low Footprint Biodiversity Strategies

Investing in companies that have a limited/low/below average impact on Biodiversity through their products and/or operations

BIODIVERSITY METRICS			
BIODIVERSITY METRIC Corporate Biodiversity Footprint (CBF)	MEASUREMENT UNIT Km ² .MSA (Mean Species Abundance)	RELATIVE OR ABSOLUTE MSA vs benchmark ? Sector-Neutral ?	
KEY FEATURES			
ADVANTAGES		DISADVANTAGES	
+ Low negative impact of portfolio companies on Biodiversity	+ Below avg exposure to Biodiversity risks	- Little impact of companies on transition to a lower biodiversity-impact society	- Limited capital flows to support transition

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Low Footprint Biodiversity Strategies

Investing in companies that have a limited/low/below average impact on Biodiversity through their products and/or operations



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INTERCONTINENTAL[®]
HOTELS & RESORTS

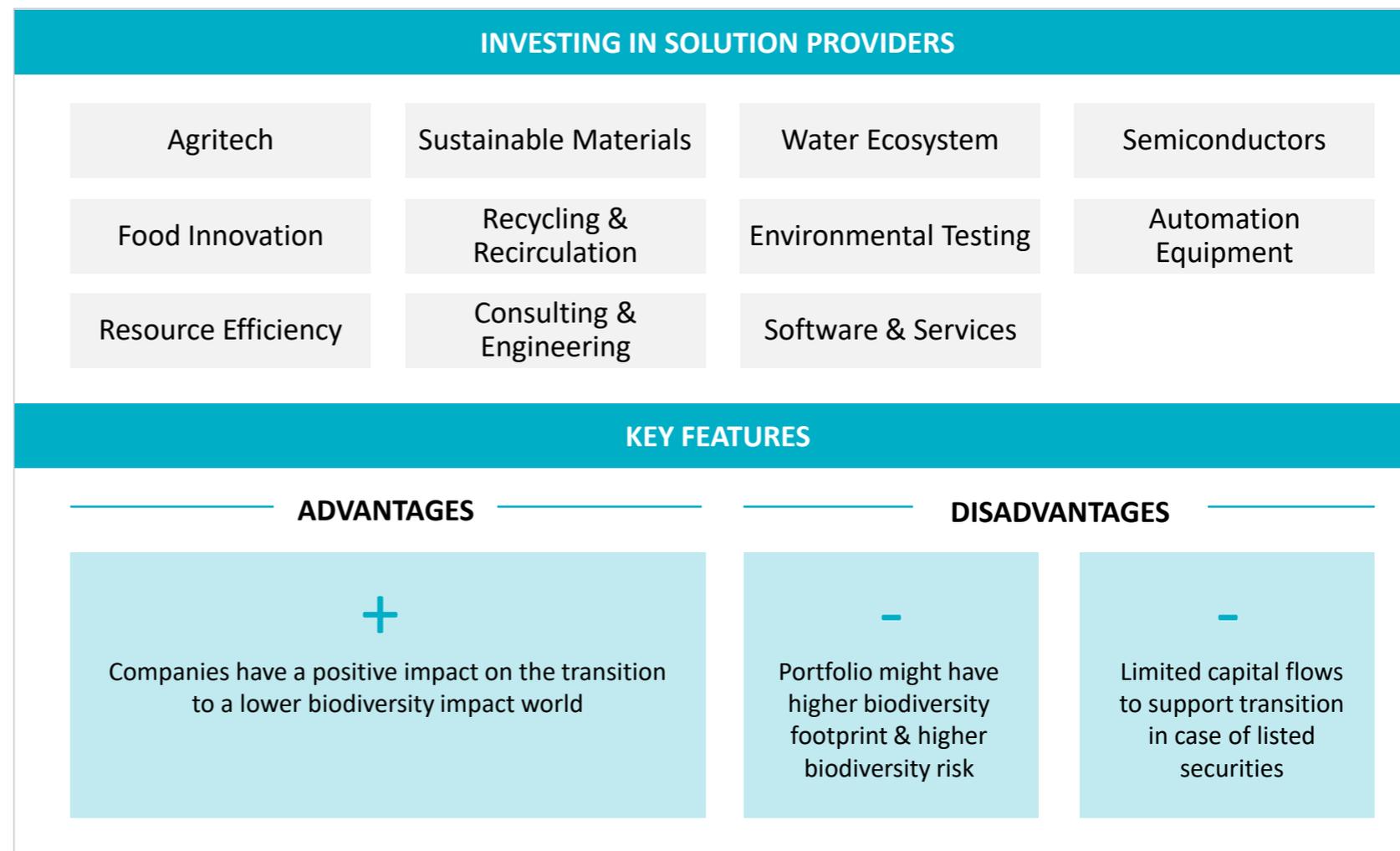
dexcom[®]
One Step Ahead

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Solution Strategies: Solutions for the transition to a lower biodiversity-impact Society

Investing in companies that provide solutions that support the transition to a lower biodiversity-impact society

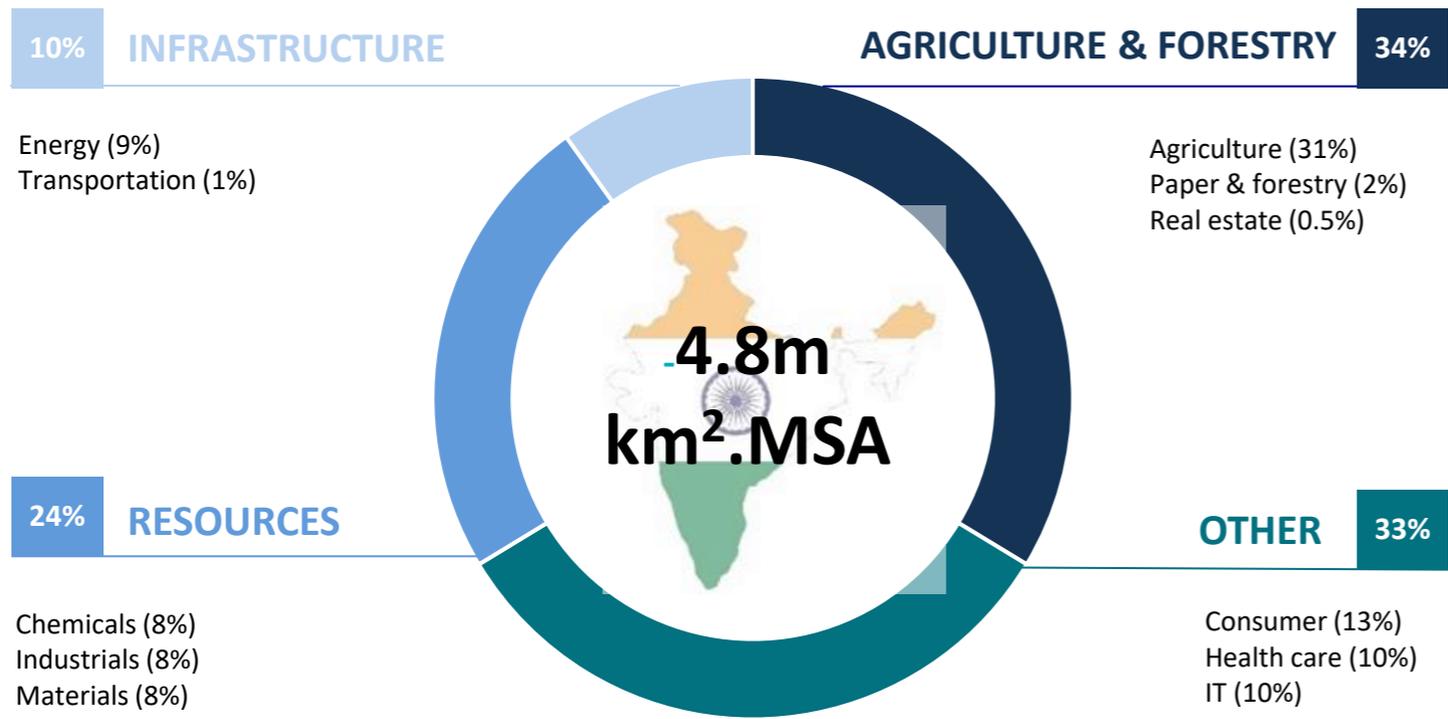


Source: AXA IM as at 31/12/2023. For illustrative purpose only.

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Solutions for the transition to a lower biodiversity-impact Society

Corporate Biodiversity Footprint of MSCI All Country World (km².MSA)



Iceberg Data Lab
Corporate Biodiversity
Footprint

Three main pressures: Land use, Water and Air Pollution, GHG emissions

Source: AXA IM, Iceberg DataLab as at 30/09/2023. Index use: MSCI All Country World. Corporate Biodiversity Footprint in km².MSA (Mean Species Abundance). For illustrative purposes only.

Solution Strategies: Solutions for the transition to a lower biodiversity-impact Society

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ECOLAB[®]



JOHN DEERE



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Sustainability in Action

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3. Natural Capital - solutions that target habitat protection and restoration

Investing in projects and companies protecting, restoring and sustainably managing natural capital

Natural Capital Solutions



Tree planting leading to enhancements in flora and fauna biodiversity



Supporting the planting of trees on previously degraded/low-biodiversity lands



Avoiding further deforestation and habitat loss by protecting natural forest

Source: AXA IM Alts, for illustrative purposes only.

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Example: Mombak

Turmalina

State of Para selected for high growth rates and land availability

2.4k ha of degraded cattle pasture in Para purchased outright

51% fully planted with over 60 species, remainder assisted natural regeneration or hybrid

Source: Estimated from AXA IM Alts, as at 30 June 2023 – Actual model may vary. Company shown herein for illustrative purposes only as of April 2024 and may not be in the portfolio later. This information should not be considered as advice or a recommendation for an investment strategy.

Example: Mombak

Returns

100% carbon revenues

Long term offtake contracts
executed, pre-payments sought.

Project will yield 1.4m VCUs over
50 years

Project Co's or rights to future
offtake sold to facilitate exit in y10

Source: Estimated from AXA IM Alts, as at 30 June 2023 – Actual impact may vary. Company shown herein for illustrative purposes only as of April 2024 and may not be in the portfolio later. This information should not be considered as advice or a recommendation for an investment strategy.

Example: Mombak

Sales to date

Microsoft signed offtake contract in November 2023 for up to 1.5m tonnes (across multiple Mombak projects).

McLaren F1 signed offtake at >\$50 a tonne.

Source: Estimated from AXA IM Alts, as at 30 June 2023 – Actual impact may vary. Company shown herein for illustrative purposes only as of April 2024 and may not be in the portfolio later. This information should not be considered as advice or a recommendation for an investment strategy.

4. Biodiversity integration into security selection, portfolio construction & active ownership

Integrate biodiversity aspects in security selection & portfolio construction as well as active ownership

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SECURITY SELECTION

Integrate Material Aspects

Better decision-making

Double-Materiality increasingly key

Key in mapping risks & opportunities

Challenge: quantifying Impact

Cash Flows, Cost of Capital

Source AXA IM. For illustrative purposes only.

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PORTFOLIO CONSTRUCTION

Creating Biodiversity Tilts

Portfolio Footprint

Min / Max / Avg scores

Solutions exposure

Challenge: Unwanted Tilts

Be aware of Style, Sector, Regional Tilts

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ACTIVE OWNERSHIP

Engagement

Stimulate better disclosure and strategic direction around biodiversity

Voting

Use voting to ensure a more biodiversity-proof direction of the company (where this is material)

Listed Investments vs Unlisted Investments

LISTED IMPACT

Investee Impact & Dynamics

Often larger companies with global impact at high volume

Less pure play impact

Investor Impact

Engagement to Accelerate Impact

Other Considerations

- Liquid investments, easy to adjust portfolio allocation; quicker time to market
- Often lower risk due to maturity of companies and balance sheet strength

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UNLISTED IMPACT

Investee Impact & Dynamics

Often smaller companies; local impact at lower volume

More pure play impact

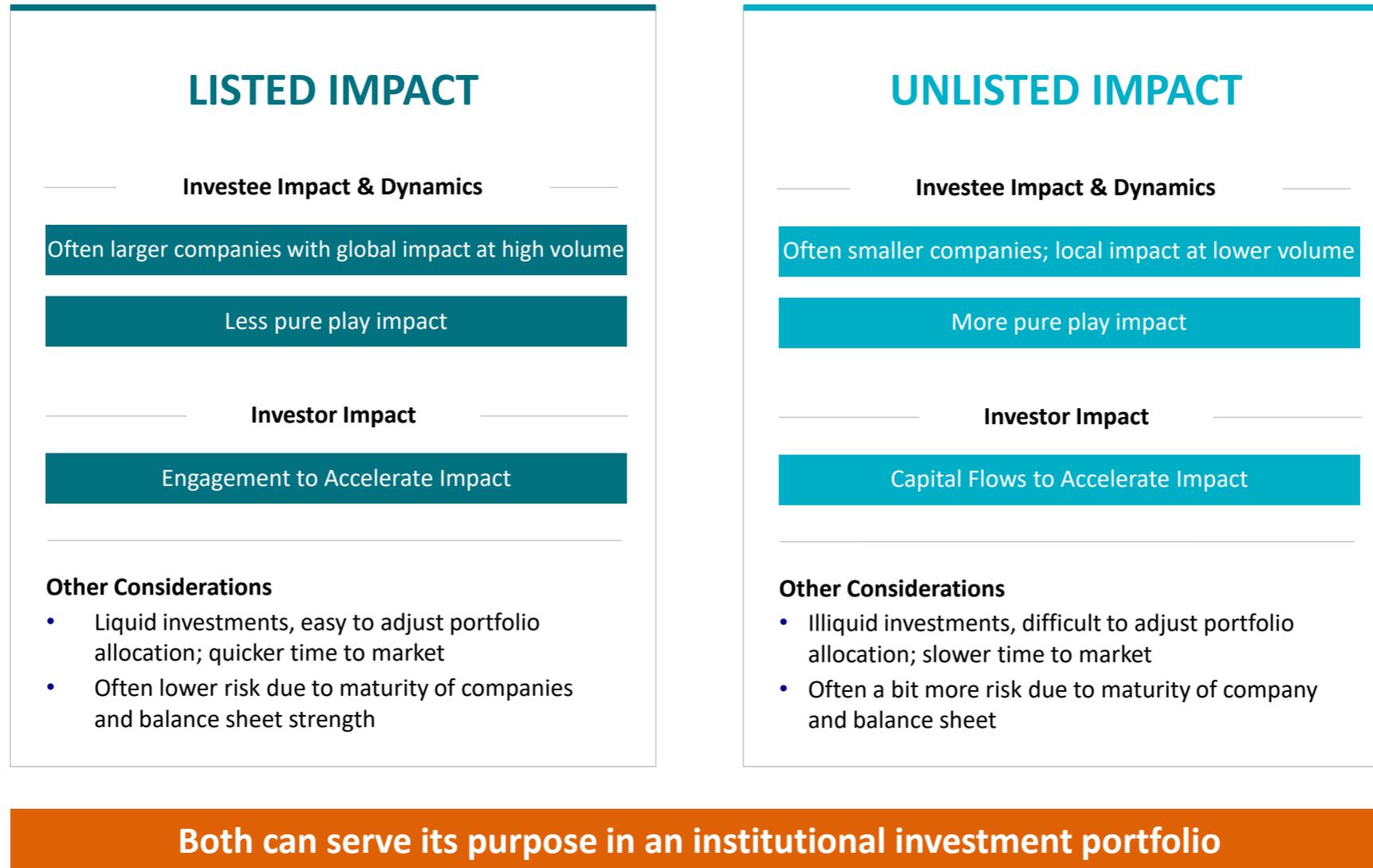
Investor Impact

Capital Flows to Accelerate Impact

Other Considerations

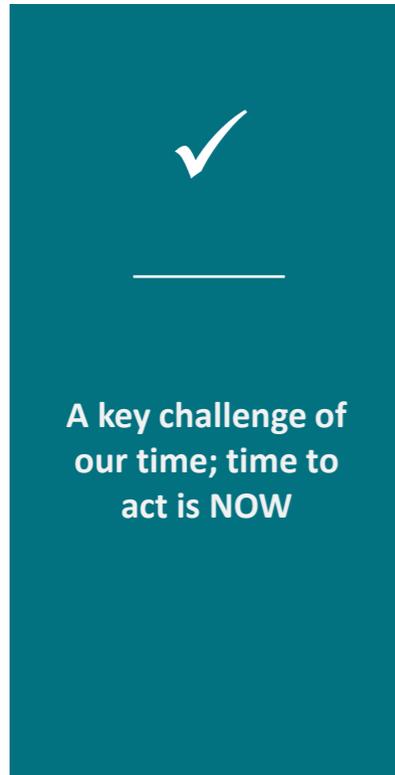
- Illiquid investments, difficult to adjust portfolio allocation; slower time to market
- Often a bit more risk due to maturity of company and balance sheet

Listed Investments vs Unlisted Investments



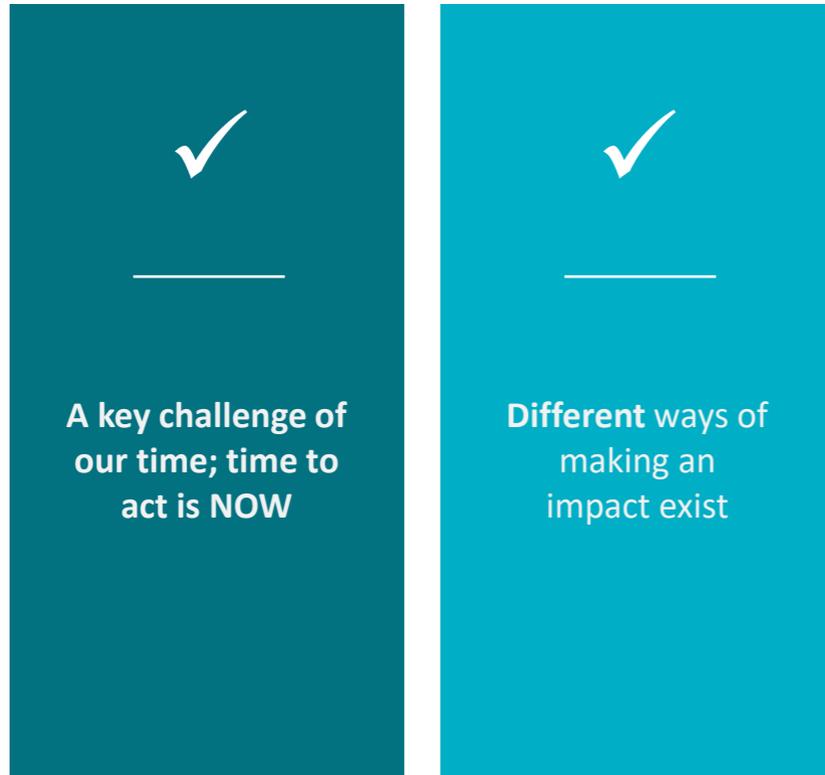
For illustrative purposes only.

To conclude: Making an impact on Biodiversity as Listed Equity Investors



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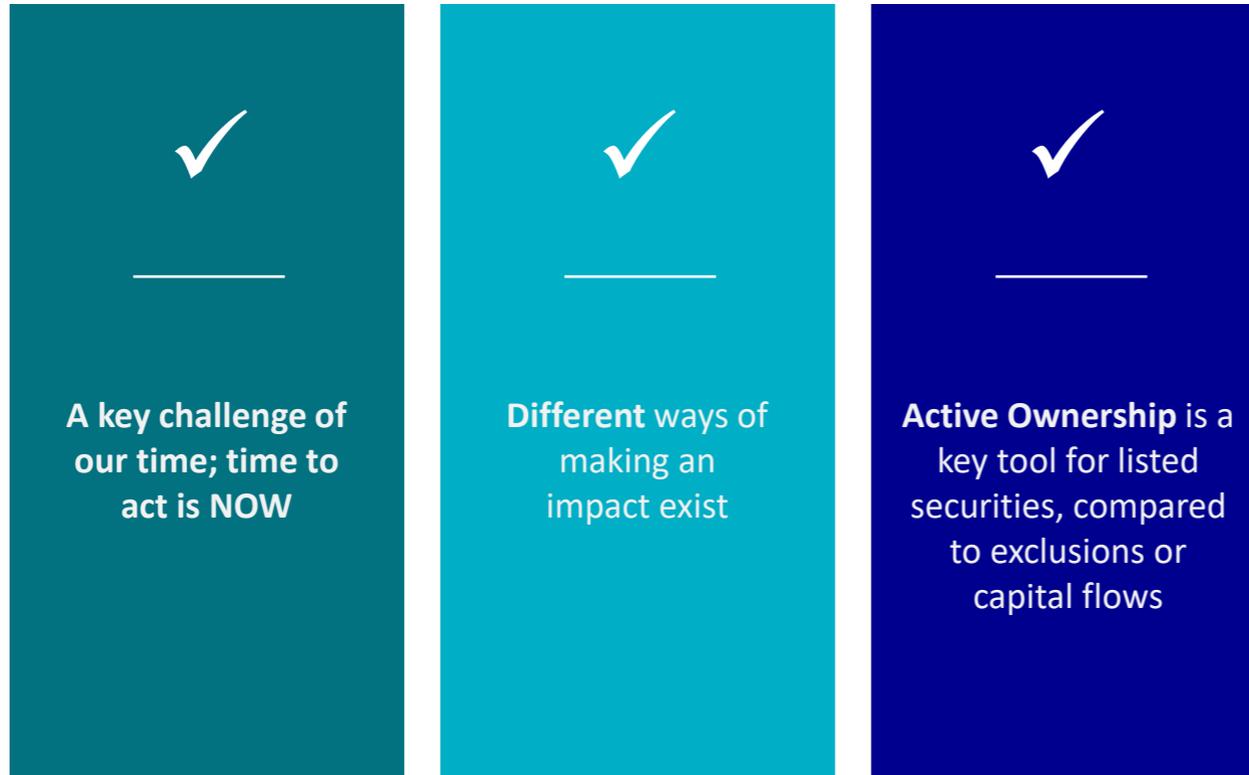
The image consists of two vertical rectangular bars. The left bar is a dark teal color and contains a white checkmark at the top, a white horizontal line below it, and the text "A key challenge of our time; time to act is NOW" in white. The right bar is a lighter teal color and contains a white checkmark at the top, a white horizontal line below it, and the text "Different ways of making an impact exist" in white.

✓
A key challenge of our time; time to act is NOW

✓
Different ways of making an impact exist

Source: AXA IM. For illustrative purposes only.

To conclude: Making an impact on Biodiversity as Listed Equity Investors



The image consists of three vertical bars of different shades of blue and teal. Each bar contains a white checkmark at the top, followed by a short horizontal line. Below the line is a line of text. The first bar is dark teal and contains the text 'A key challenge of our time; time to act is NOW'. The second bar is a medium teal and contains the text 'Different ways of making an impact exist'. The third bar is a dark blue and contains the text 'Active Ownership is a key tool for listed securities, compared to exclusions or capital flows'.

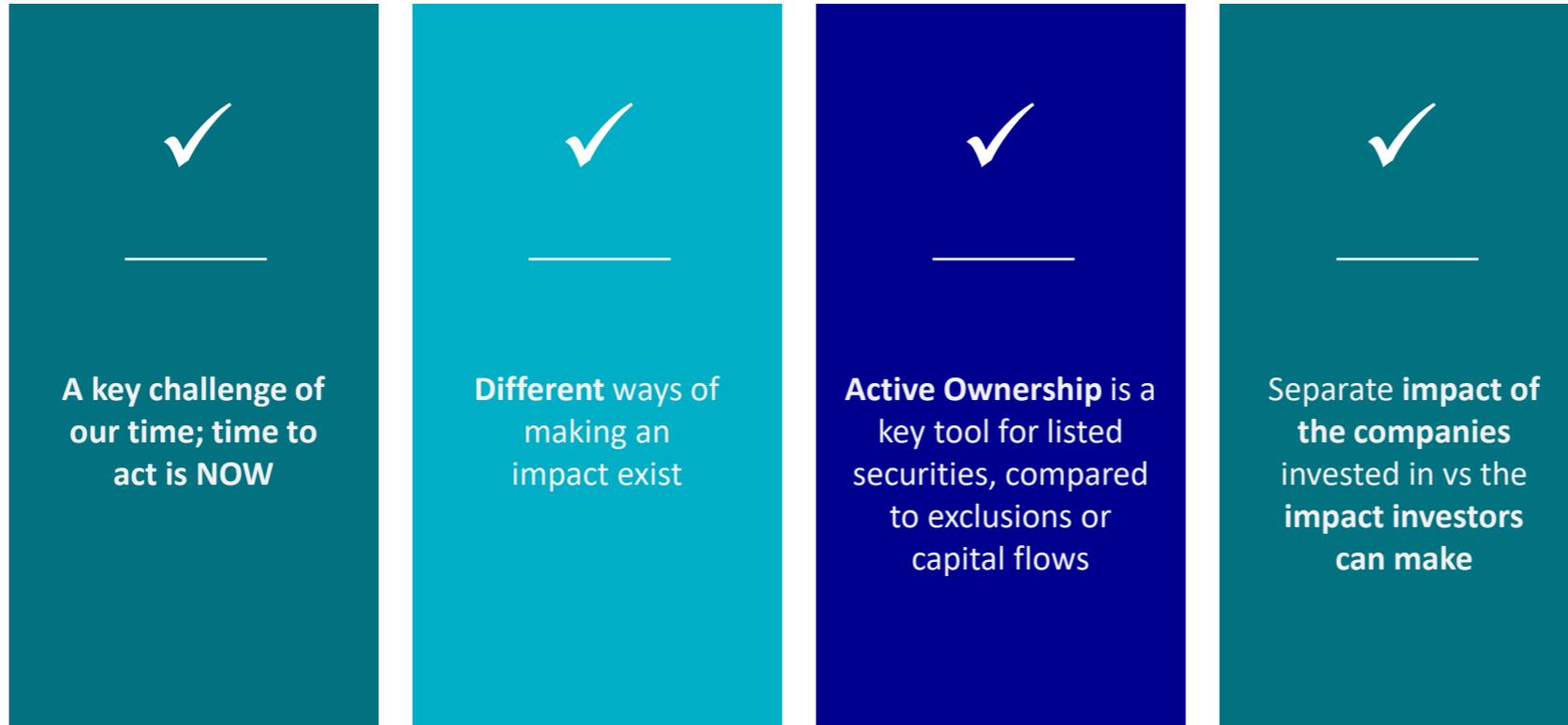
✓
A key challenge of our time; time to act is NOW

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Different ways of making an impact exist

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Active Ownership is a key tool for listed securities, compared to exclusions or capital flows

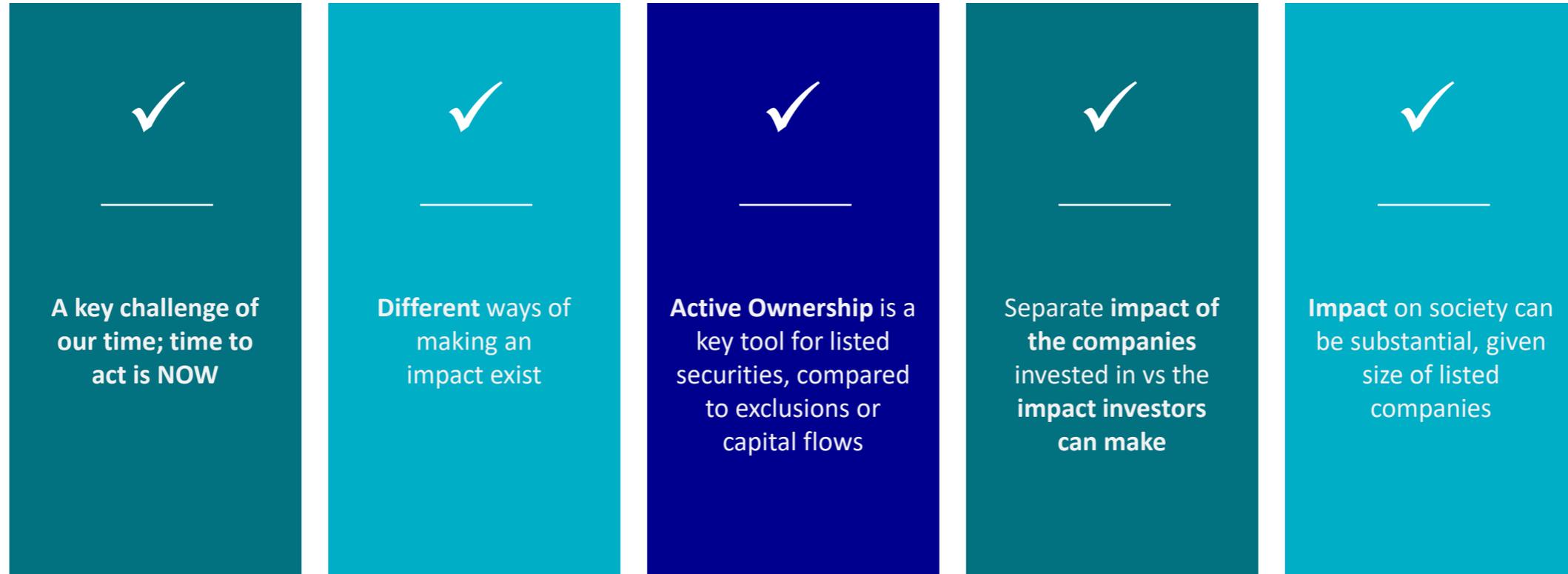
Source: AXA IM. For illustrative purposes only.

To conclude: Making an impact on Biodiversity as Listed Equity Investors



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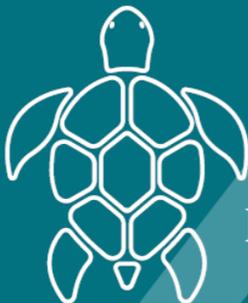


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Q&A



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AXA IM Listed Impact Equity

AXA WF ACT Biodiversity Fund Impact Report 2023

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