



RESPONSIBLE INVESTMENT POLICY

We invest in great entrepreneurs.
We support outstanding companies.



AXA Venture Partners

Introduction

Our investment philosophy is based on the conviction that issues relating to sustainability factors are a major concern for the coming years. Combining 'non-financial factors' with traditional financial criteria will help us build more stable portfolios that perform better in the long term.

a. Scope and purpose of this document

The purpose of this document is to present how AVP integrates ESG and sustainability risk considerations into its investment decision-making process for all AVP's article 8 funds.

In accordance with articles 3 and 4 of the Disclosure Regulation (Regulation EU 2019/2088), this document also reinforces the transparency on sustainability risks.

b. Definition of sustainability risks

Sustainability risks mean an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. It is therefore a financial risk.

c. ESG clauses in legal documentation

AVP discloses the fund's Responsible Investment Strategy in the pre-contractual disclosure of the LPA, in accordance with Article 8(1) of Regulation (EU) 2019/2088.

Regarding funds of funds, the sectors affected by the Exclusion Policy are listed in a side letter.

AVP also informs the investee company of its ESG strategy and mentioned in the shareholders' agreement that a non-financial report shall be produced on an annual basis.

d. General ESG principles and undertakings from AVP

AVP invests into innovative start-ups with a significant technology component, with particular focus on digital health, enterprise SaaS, fintech and consumer platforms. The software nature of these verticals shields AVP from most critically exposed sectors.

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New York London Paris

AVP signed and endorsed the following:

- United Nation Principles for Responsible Investments
- Charte d'Engagements des Investisseurs pour la Croissance

Integration of ESG issues, sustainability risks and potential negative impacts in our investment decision-making process

ESG criteria, sustainability risks and potential negative impacts are taken into account in the analysis and decision-making processes of all investments, including consideration of non-financial performance of target companies (governance, social and environmental performance) and exclusion of sectors with potential negative impacts on the environment, human health, or society.

AVP integrates ESG and sustainability risk considerations into its investment process, throughout the appraisal, ownership and exit phases.

a. Pre-investment

i. Application of the Exclusion policy

AVP's Exclusion Policy defines strict exclusions for companies operating in sectors or engaging in activities with potential negative impacts on the environment, human health, or society.

Focus on funds of funds, the invested funds must respect AVP's Exclusion Policy.

The exclusion list includes certain sectors whose direct or indirect negative impacts are incompatible with AVP's responsible investment approach. This policy is an effective tool for mitigating a wide range of sustainability risks and principle adverse impacts.

As such, AVP has no investment in companies whose main activity is the production or marketing of coal, tar oil sands, tobacco, controversial weapons and ammunition, palm oil and food commodity derivatives, ecosystem conversion and deforestation, or operating in the gambling or pornography sector.

The list of sectors included in the Exclusion Policy can be reviewed to reflect socio-environmental developments.

Apart from the exclusions aforementioned, AVP does not systematically considers the adverse impacts of investment decisions on sustainability factors (i.e., environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters) as part of its due diligence policies, for the following reasons:

- data availability limits prevent AVP from implementing a normative process

- the nature of Venture capital investing (start-ups), and AVP’s investment focus (technology/software) naturally shields AVP from serious sustainability risks (especially environment)

Nevertheless, sustainable investments of Article 8+ funds will be evaluated to ensure that they do not cause significant hard harm, also using the assessment against the mandatory and the relevant optional Principal Adverse Impact indicators defined in the Regulatory Technical Standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR).

ii. Conducting ESG due diligence

During the due diligence phase, AVP’s goal is to identify and analyze the investment target’s main ESG impacts.

ESG due diligence may rely on the analysis of an ESG questionnaire completed by the management of the investment target, and any relevant documents.

In some cases, more in-depth research may be carried out through interviews with management or experts, or through due diligence carried out by external parties and site audits.

Focus on the specifics of funds of funds

AVP conducts ESG due diligence for and prior to each transaction.

It can be based on:

- a questionnaire completed by fund managers
- documents made available by fund managers.

The ESG analysis is performed both on the management company level and on the fund level.

b. Investment period

AVP monitors the ESG progress of its portfolio companies through a formalized reporting process. An ESG reporting is sent annually to investors.

AVP also offers complimentary access to AXA Climate’s ESG training for all the portfolio companies.



Article 8 Light Funds

For an Article 8 light funds, the Partnership will focus its ESG strategy on specific characteristics (such as Diversity, Total Net New Hires in the company...).

The invested companies will be asked to provide the data required annually, so that an assessment of the developments can be conducted.

Article 8 funds

For an Article 8 funds, each portfolio company must answer annually a comprehensive ESG questionnaire consisting of questions on environmental, corporate governance and social matters.

This questionnaire is adapted for every article 8 fund AVP tailors this template to its unique requirements and integrates additional questions guided by advice from consulting firms. (see Appendix 1)

The questionnaire is used to measure the ESG performance of the portfolio companies and to obtain a global overview of the progress on ESG issues across the portfolio. AVP engages dialogue with investee companies to improve their business strategy and performance, including ESG issues.

Article 8 + funds

For an Article 8 funds, each portfolio company must also answer annually an ESG questionnaire consisting of questions on environmental, corporate governance and social matters. Moreover, sustainable investments will be evaluated to ensure that they do not cause significant hard harm. Furthermore, ClimateSeed will estimate the GHG Emissions of the portfolio companies.

c. Exit phase

During the divestment phase, depending on the materiality of ESG issues, a review of the company's ESG progress may be carried out internally. This report is mainly based on the results of the ESG reporting produced annually by the AVP.

In some cases, AVP may have specific ESG vendor due diligence performed by an external third-part.