

Impax Environmental Markets plc

2024 Sustainability Report: Beyond Financial Returns



Introduction

This is the third year Impax Asset Management, the Manager for Impax Environmental Markets plc, has provided portfolio specific sustainability reporting for our clients. While we will continue to enhance disclosure and introduce new metrics, our primary goal remains to offer clients a comprehensive overview of the sustainability profile of their investments.

We have found through the years that clients want to understand not just their portfolio's impact on the environment and society, but also Impax's impact on their portfolio, the environment and society. This report has been developed to provide our investors with a view into how we think about sustainability at Impax – holistically across both risks and opportunities and using the levers we have as investors. This includes how we identify the investment universe of our strategies, how we conduct research on and select securities, how we construct portfolios and engage with companies and policy makers – each step has intentionality and outcomes which we hope to bring to life in our reporting.

In addition to portfolio level reporting provided within, we report on [Climate](#), [Stewardship & Advocacy](#) and [Impact](#) each year at the firm level. These reports dive deeper on each topic and showcase our commitment to transparency and to continually raising the bar on disclosure to our investors and the industry.

Alignment with the transition to a more sustainable economy

The investment strategies at Impax are designed with the objective of generating strong risk-adjusted investment returns by allocating capital towards those companies that are well-positioned as the global economy transitions to a more sustainable model. Through proprietary tools and taxonomies, Impax seeks to identify and invest in higher quality companies with strong business models that demonstrate sound management of risk.

The table below displays the portfolio's alignment to the transition to a more sustainable economy, defined as its revenue exposure to the themes or areas of the market which we believe are well positioned to benefit from this transition.

Impax Environmental Markets plc	Minimum	Actual (as at 31 December 2023)
Thematic revenue exposure (weighted average)	Min 50%	77.58%
Impax's environmental markets taxonomy ¹ , established in 1998, is used to identify companies that we believe benefit from the long-term trends of rising global populations and wealth, changing demographics, urbanisation, and increasing consumption. This proprietary taxonomy continues to underpin Impax's Thematic Equities strategies.		

¹ For more information, refer to the "Definition of Impax's proprietary tools and taxonomies" page.

Climate transition risks and opportunities

Climate-related risk assessment is integrated into the investment process for all of Impax's assets under management, across all asset classes, using proprietary tools and analysis. The table below reflects both absolute and intensity-based metrics for the financed greenhouse gas (GHG) emissions of the portfolio.

Financed GHG emissions

2023 metrics (as at 31 December 2023)	Per £1mn invested	Total Portfolio (£1,221mn)
Scope 1 & 2 GHG emissions (tCO ₂ e)	129	157,850
Scope 3 GHG emissions (tCO ₂ e)	363	444,050
Total GHG Emissions (Scope 1, 2 & 3. (tCO ₂ e))	492	601,910
Portfolio Weighted Average Carbon Intensity (WACI) ¹ (Scope 1, 2 & 3)	677	-
Benchmark Weighted Average Carbon Intensity ² (WACI) (Scope 1, 2 & 3)	1,002	-

Avoided GHG emissions and climate solutions exposure

Measuring the avoided GHG emissions associated with the products and services of companies held within the portfolio helps demonstrate their contribution to the transition to a lower-carbon economy.

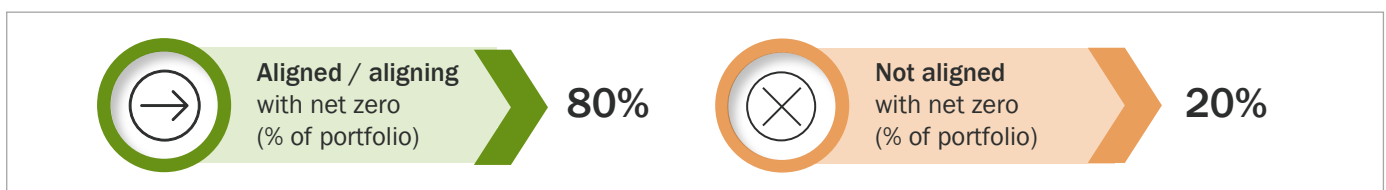
Additionally, as a specialist investor in the transition to a more sustainable economy, managing climate-related risks and identifying climate-related opportunities is at the core of what we do. Many of our strategies have exposure to companies whose products and services address the drivers of climate change and help increase resilience to the impacts that arise from a warming climate.

2023 metrics (as at 31 December 2023)	Per £1mn invested	Total portfolio (£1,221mn)
Avoided GHG Emissions (tCO ₂ e)	646	789,770
Weighted average revenue exposure to climate solutions ³	--	77.90%

Net Zero Alignment⁴

As a signatory of the Net Zero Asset Managers ("NZAM") initiative, Impax supports the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. As part of that initiative, Impax has adopted a target that 100% of its assets covered by the NZAM commitment – being all actively managed listed equities and private markets investments – will be "transition aligned" or "transition aligning" by 2030. We project that at least 50% of committed AUM will be classified as aligned by 2030. Impax's group-level net-zero targets cascade to, and are monitored at, the portfolio level.

Impax also commits to reporting annually on the percentage of our investments in climate solutions and the avoided GHG emissions associated with those investments at the firm level.



There can be no assurance that impact results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as at 31 December 2023. Impax's impact methodology is based on equity value. Refer to the Methodology section at the back of the report for further details on methodology and summarised data that was available and estimated for companies in the portfolio. ¹For more information on how the WACI is calculated, see methodology page towards the end of this document. ²Benchmark used is MSCI ACWI. ³Climate solutions exposure: To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences. More details on the Impax Climate Taxonomy can be found in the appendix. ⁴Please see here for more details on Impax's net zero commitment: <https://www.netzeroassetmanagers.org/signatories/impax-assetmanagement/>. Figures may not add to 100% due to cash. Our net zero methodology is based on the PAII Net-Zero Investment Framework ("NZIF") Net Zero Investment Framework – Paris Aligned Asset Owners. Data as at 31 December 2023.





Environmental benefits

ITEM invests globally in companies that are developing innovative solutions to environmental challenges

The world's environmental challenges extend beyond the dangers posed by climate change. Pressure is mounting to also tackle other systemic issues including water pollution and waste created by unsustainable economic processes. Impax's thematic strategies invest in companies that deliver environmental solutions beyond avoiding GHG emissions. The products and services of the portfolio companies are designed to deliver positive water and materials recovery impacts that we quantify – metrics we have been reporting on since 2015. We report on the water treated, saved or provided, and the materials recovered and waste treated through portfolio companies' activities for Impax's environmental thematic strategies.

Water impact is typically delivered by holdings in water utilities and water technology companies. Recycling and waste management companies are typically major contributors to portfolios' materials recovered and waste treated impact figures. We also report the total renewable electricity generated by each strategy's portfolio companies as an indicator of their contribution to the clean energy transition. By generating renewable electricity, demand for fossil fuel-fired generating capacity can be reduced, thereby lowering GHG emissions in markets where companies operate and delivering progress towards national net-zero targets.

To provide real-world context, we include equivalencies for each of these four environmental impact metrics.

	Per £1mn invested	Equivalent to	Total Portfolio (£1,221mn)	Equivalent to
 Avoided GHG Emissions	646 tCO ₂ e	461 cars off the road ¹	789,770 tCO ₂ e	564,120 cars off the road ¹
 Water provided/saved/treated	54 megaLitres	422 households' water consumption ²	65,540 megaLitres	512,450 households' water consumption ²
 Renewable energy generated	253 MWh	70 households' electricity consumption ³	309,010 MWh	85,840 households' electricity consumption ³
 Material recovered/waste treated	17 tonnes	17 households' waste consumption ⁴	21,360 tonnes	21,800 households' waste consumption ⁴

There can be no assurance that results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Impact of £1mn invested in the strategy, and the entire portfolio for one year. Based on most recently reported annual environmental data for holdings in the strategy as at 31 December 2023. Impax's impact methodology is based on equity value.

¹Figures based on **average tCO₂e of a car in a year (derived from total number of all vehicles licensed in UK as at Q3 2022) Vehicle licensing statistics data tables - GOV.UK (www.gov.uk); total public road miles driven by all vehicles Great Britain as at Q3 2022 Provisional road traffic estimates, Great Britain: October 2021 to September 2022 - GOV.UK (www.gov.uk); average carbon tailpipe emissions of new cars SMMT- Sustainability-Report-2022.pdf** calculated as 518bn km * 122.35/1,000,000 CO₂ t/km) / (40.77m cars) = 518,047,833,600*0.00012235/40,772,387 = **1.55 tCO₂/car as the average CO₂ emissions of a car in a year).**

²**Water consumption:** Average annual UK household water usage of 127,896 litres. Source: Impax water usage estimate based on: **UK: average daily water usage per person 2023 | Statista.**

³**Electricity consumption:** Average annual UK household electricity usage of 3.60 MWh. Source: **Annual domestic energy bills - GOV.UK (www.gov.uk).**

⁴**Household waste:** Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021 Average annual UK household waste of 982kg. Source: Department for Environment, Food & Rural Affairs, 2023: Local authority collected waste management – annual results 2021/22. Office for National Statistics, 2022: Household and resident characteristics, England and Wales: Census 2021.

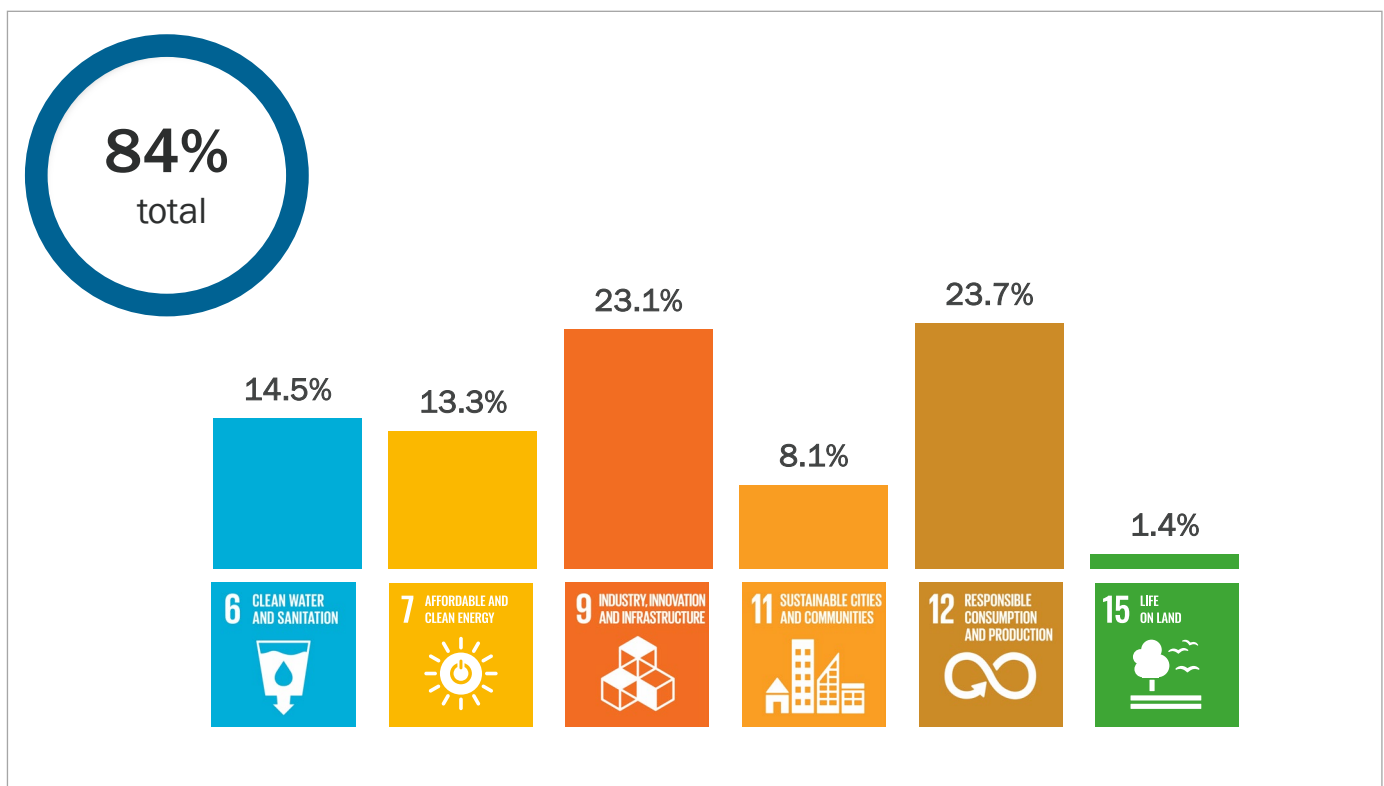
UN Sustainable Development Goals alignment

The UN Sustainable Development Goals (SDGs) encompass 17 sets of targets to be met by the world's economies by 2030. The SDGs have been increasingly adopted by investors as a framework for evaluating funds' alignment to critical and often unmet activities necessary for a sustainable economy.

The nature of Impax's investment philosophy results in meaningful exposure to the SDGs as a consequence of the investment process, which is focused on investments enabling and benefiting from the transition to a more sustainable economy. The chart below summarises portfolio company exposure to the UN SDGs for the portfolio, as at the end of 2023.

Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Instead, we use the SDG framework to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise. We evaluate alignment with this framework by identifying the proportion of portfolio companies' activities, measured in revenue percentages, that contribute to the achievement of the SDGs.

We focus on those SDGs where the underlying targets are relevant to private sector investment opportunities, rather than government-driven activities, such as public funding or policy or regulatory action. For example, we ascertain that our portfolio companies – even those held within the Climate strategy – have very little exposure to SDG 13, climate action. While this may seem counterintuitive given our focus on the transition to a more sustainable economy, this is because we consider most of the Goal's sub-targets to be aimed at, and implemented by, governments. Similarly, we do not have exposure to e.g. SDG17, Peace, Justice and Strong Institutions, responsibilities of governments. On the other hand, the sub-targets of e.g. SDG9, Industry, Innovation and Infrastructure, are implemented by private sector actors.



Source: Data as at 31 December 2023. There may be slight differences from the Annual Report due to rounding. The UN SDGs encompass 17 goals. For further information, please visit <http://www.un.org/sustainabledevelopment/sustainable-development-goals>. Figures above are based on Impax internal data. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within the Environmental Markets strategies and Sustainability Lens strategies, based on investee companies' eligible activities. Refer to the Methodology section at the back of the report for further details on methodology and summarised data that was available and estimated for companies in the portfolio.

Stewardship and advocacy

As an investor focused on the transition to a more sustainable economy, stewardship and advocacy are the twin levers that we can pull to help our investee companies navigate risks and opportunities and to influence change in the real economy.

2023 marked an important milestone in the coordination of our stewardship and advocacy activities as our expanding Sustainability & Stewardship and Policy Advocacy teams combined to form the Impax Sustainability Centre. This centre of excellence enables us to be more effective stewards of our clients' investments and to better shape the market for an accelerated transition to a more sustainable economy. It also positions us to navigate the rapidly expanding range and depth of sustainability-related issues, and to meet the growing expectations of clients, regulators and other stakeholders.

Our stewardship and advocacy activities are focused on four overarching themes – Climate, Nature, People and Governance – around which we structure this part of this report.

Engagement

The Impax investment process is focused on a comprehensive understanding of the character and quality of our investee companies. Engagement is used both to mitigate risk and to enhance value and investment opportunities. Engagement can help us to:

- Manage risks by proactively identifying, monitoring and mitigating issues
- Enhance company analysis – how companies respond to engagement is informative of their character
- Strengthen investee companies over time; improving quality, processes, transparency and resilience

Outreach

Targeted contact with a company on a specific sustainability issue. Outreach can be an effective means of sharing our perspective or expectations concerning a particular issue

34

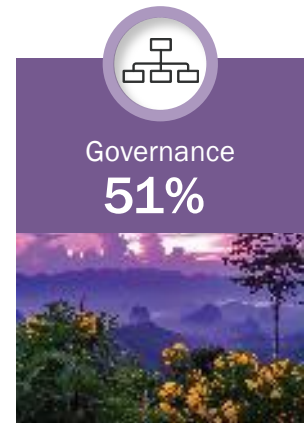
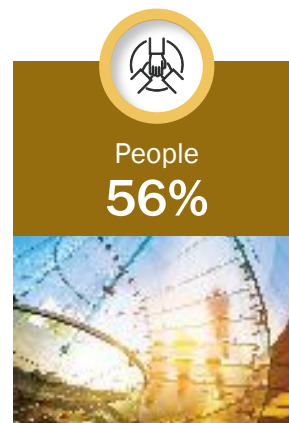
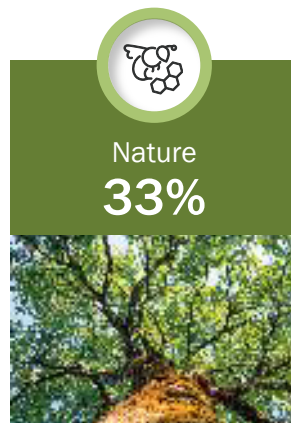
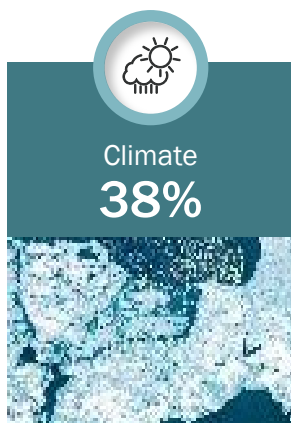
Companies with whom we initiated outreach in 2023

Dialogues

A discussion with, or response from, a company either by email or by meeting/call on a specific or range of sustainability-related issues

28

Companies with whom we had dialogues in 2023



Proxy voting

Proxy voting is a key component in the ongoing dialogue with companies we invest in. Through voting on management and shareholder proposals, we aim to enhance the long-term value of our shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in our investee companies. We are committed to ensuring the consistent and transparent exercise of voting rights associated with shares we hold, where proxy voting has been delegated to Impax. Our voting decisions follow our publicly disclosed Proxy Voting Guidelines, which are informed by global governance best practices and are updated annually.¹



Impax Environmental Markets plc proxy voting



¹Impax Asset Management, January 2024: Proxy Voting Guidelines. ²At the meeting level, we voted 100% of meetings in 2023. However, proxy votes representing the Impax Ireland Funds plc UCITS fund range were not executed at any shareholder meetings between August 2023 and January 2024 due to an issue with the submission and receipt of ballots between Impax, the Impax Ireland Funds plc UCITS funds' custodian and our proxy voting service provider. This issue has been resolved and an enhanced control framework is being implemented.

Systematic engagement

We believe that significant, positive real-world impact can be achieved through focused, well-structured stewardship and advocacy efforts. As an active shareholder with a long-term investment horizon, we believe it is in the interests of our clients that we proactively engage with a wide spectrum of stakeholders – including investee companies and regulators – in an effort to minimise risks, and to protect and enhance value for shareholders.

Physical climate risks and adaptation

A growing body of research demonstrates the financial materiality of climate risks.¹ Yet few companies disclose the geo-locations of strategic physical assets that might face climate risks, nor those in their supply chains. This means that physical climate risks cannot be reliably anticipated by investors and financial markets. Also, few companies disclose their own estimates of their value at risk or plans for creating resilience to physical risks. Over the past four years, we have engaged with regulators, investors and companies, often in partnership with other shareholders, to address these risks.

Engaging regulators and companies

We first petitioned the US Securities and Exchange Commission (SEC) in June 2020 to require that companies report the specific locations of assets whose loss or damage could be a material event. This petition was published in the Harvard Law School Forum on Corporate Governance to promote our activities.² In August 2020, we joined forces with the New York State Common Retirement Fund, one of the US' largest public pension plans. Together, we asked all constituents of the S&P 500 Index of large capitalisation US companies to report on the precise location of relevant physical assets whose loss or impairment would have a material financial impact. Just over 13% of the S&P 500 responded to our initial letter.³ Of these, one-quarter reported that they already disclose locations of key assets. In some cases, however, reporting is at too distant a timeframe to be useful in physical risk assessment. Of all the companies we spoke to or heard from, we found just three that had seriously considered their liabilities due to physical risk and had plans for adapting to or mitigating those risks.

Contributing to public discourse

We have published a series of thought leadership pieces on the theme of physical climate risks and their management. In our September 2020 report, [Designing a resilient response to the inevitable impact of climate change](#), we explored the material and immediate physical climate risks facing companies and investors globally.⁴ We noted that investors' tools for understanding physical climate risks were limited and imperfect, and recommended steps that investors should consider.

Contributing to the SEC climate rule

Early 2022 marked an important step forward in our engagement with US regulators on this issue. Ahead of the SEC's publication of a proposed rule to enhance and standardise climate-related disclosures in March 2022, we met with the Chair and staff of the SEC to advocate for an ambitious and effective outcome.

In May 2022, we submitted a detailed response to the SEC's well-conceived proposals that included amendments we believed would strengthen the rule's implementation. This included a focus on reporting on physical climate risk and geo-location data. When the SEC adopted its final climate risk disclosure rule, in March 2024, Impax was cited 24 times. Although there were some disappointments – Scope 3 emissions disclosure by US companies is missing completely – the rule mandates that US companies must disclose physical climate risks that have any material impact on companies' strategies, business models and outlooks. Overall, we believe it will help provide decision-useful information on physical risks.

¹Impax, 2023: Climate change: the impact for investors. ²Harvard Law School Forum on Corporate Governance, June 2020: Rulemaking Petition on Disclosure to Help Assess Climate Risk. ³Impax, 2021: Seeking coordinates: A unique engagement on physical climate risk. ⁴Impax, 2020: [Physical climate risks - Designing a resilient response to the inevitable impact of climate change](#)

Case study: Borregaard



Company description: Norway-based Borregaard ASA supplies specialty chemical companies with sustainable biochemicals which they produce from renewable raw materials. These biochemicals, which include lignin and cellulose manufactured from wood, replace harmful oil-based products and thereby reduce environmental damage.



Impact

Borregaard has performed analyses of some of its lignin-based specialty chemical products to quantify environmental impact compared to alternative products derived from fossil raw materials. For example, the company's analysis shows that emissions from lignin-based biopolymers are 70% lower than such polymers produced from fossil materials. For Borregaard's second-generation bioethanol, emissions are 86% lower vs fossil fuel gasoline.^{1,2,4}

The biosolutions segment represents products directly replacing oil-based alternatives and represents ~60% of total company revenue. Impax estimates that Borregaard's biosolution products, including biochemicals such as bioethanol, as well as biopolymers and biovanillin, **avoid 990,000 tCO₂e in GHG emissions per year**^{1,2,3,4,5} This compares to group-level GHG emissions (including Scope 3) of 853,000 tCO₂e per year.^{1,2,3}



Engagement

Nature

Objectives

In line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework:

- Understand Borregaard's nature-related dependencies and impacts (achieved, 2023)
- Identify nature-related risks and opportunities (in progress)
- Improve nature-related disclosures in line with the TNFD framework (in progress)
- Set science-based targets for nature (in progress)

Activities

Borregaard was identified as a target for engagement given the company's material dependencies and impacts on nature. The company, which is already relatively advanced in managing nature-related risks, outlined its dependencies on wood, the process of certification, and other areas in which its processes could improve. Our discussion focused on water pollution as well, and the company outlined its clear processes for waste reduction.

Outcomes

Borregaard is updating its 2023 reporting to comply with the Taskforce on Nature-related Financial Disclosures (TNFD) and the Taskforce on Climate-related Financial Disclosures (TCFD). It is also progressing with plans to set science-based targets for nature.

Next Steps

Impax will continue to monitor Borregaard's alignment with the TNFD framework and its setting of nature-based targets.

The securities mentioned in this document should not be considered a recommendation to purchase or sell any particular security and there can be no assurance that any securities discussed herein are or will remain in strategies managed by Impax. Impax makes no representation that any of the securities discussed were or will be profitable, or that future investment decisions will be profitable. The selection criteria for case study examples is not based on performance. To illustrate our engagement work, we aim to show examples that illustrate our firmwide engagement priorities (Climate, Nature, People, and Governance) and different stages of engagement (outreach, meaningful dialogue with management and achievement of objectives). Of the companies demonstrating progress against engagement objectives in 2023, we selected companies that could also be used for impact examples based on their contributions in the relevant impact area/strategy. ¹<https://www.cdp.net/>. ² [Borregaard Annual Reports](#). ³ [Borregaard Company Sustainability Report](#). The avoided emissions calculation looks at lignin-based biopolymers (LBB), with the goal of quantifying the environmental load connected to utilising wood to produce specialty chemicals like LBB. This environmental performance is compared to a Polycarboxylate (PCE) ether dispersant based on a fossil raw material. ⁴Source: Impax. ⁵Based on estimates of the company's production volume of lignin-based biopolymers and company's estimate that lignin-based biopolymers have a 70% lower CO₂ footprint through the overall life cycle compared to a synthetic dispersant.

Case study: Generac



Company description: Generac Holdings Inc. manufactures automatic, stationary standby, and portable generators to serve the residential, commercial, industrial, and telecommunications markets around the world. As a leading supplier of generators in the United States, the company plays a pivotal role in climate change adaptation by providing reliable and resilient power in case of extreme climate events like hurricanes or wildfires. The company's fast-growing energy storage business also supports the transition to clean power by facilitating the integration of solar power as a source of electricity.



Impact

Generac's PWRcell Solar + Battery Storage systems provide back-up power for grid outages. Generac calculates that as at the most recent data available, 162.4 GWh of power were produced by these units during the year, which contributed to over 116,000 metric tons of tCO₂e of GHG emission avoidance.¹



Engagement

Climate

Objectives

- Collect baseline GHG emissions data (Scope 1 & 2 – Achieved, 2022; Scope 3 – In progress)
- Publicly disclose emissions data in its annual/sustainability report (Achieved, 2023)
- Set science-based emissions reduction targets (In progress)
- Develop robust net-zero transition plan (not started)

Activities

In 2022, Impax reached out to Generac specifically regarding climate, given the company's lack of emissions disclosures. In 2023, we followed up as part of our priority outreach on climate to discuss our voting guidelines and increasing expectations in line with our commitments under the Net Zero Asset Managers (NZAM) initiative.

Outcomes

Our dialogue with Generac has been constructive and the company's responses to our feedback have been positive. In 2023, the company disclosed its Scope 1 and 2 GHG emissions for the first time. Generac is currently developing ESG roadmaps by priority theme and undertook an in-depth assessment of Scope 3 emissions in 2023. The company intends to disclose the outcome of this exercise, including more detailed Scope 3 emissions data, in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework in its 2024 reporting. While in the early stages of developing its climate risk management processes, the company is in the process of integrating climate-related considerations into its strategic planning, risk management cycles and governance structures across its products, operations and supply chain, in line with the TCFD framework. In addition, it has established board level oversight for its ESG strategy, including climate-related risks, and a new senior director has been appointed to oversee its implementation.

Next Steps

Generac is currently considering setting internal reduction targets, and we have encouraged use of the Science Based Targets initiative (SBTi) framework as it considers both interim and longer-term net-zero targets. We continue to engage with Generac to improve its climate risk management processes and disclosures.

Additional resources

For more comprehensive details regarding the methodologies, policies, data and metrics included in this report, please see the following links:



[ESG Policy](#)

[Engagement Policy](#)

[Proxy Voting Policy](#)

[Proxy Voting Guidelines](#)

[Task Force on Climate-related Financial Disclosures Report](#)

[UK Stewardship Code Statement](#)

[Approach to Nature, Biodiversity, and Deforestation](#)

[Modern Slavery Statement](#)

[E,D&I Report 2023](#)

[Principles for Responsible Investment \(PRI\) Assessment Report – 2023](#)





[Principles for Responsible Investment \(PRI\) Public Transparency Report – 2023](#)

[Statement on principal adverse impacts of investment decisions on sustainability factors](#)

Memberships

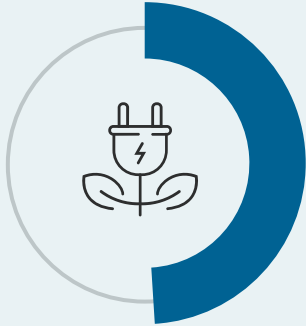
Impax works collaboratively with industry organisations and our peers to shape the markets needed for the transition to a more sustainable economy to accelerate.

Here is a selection of our current memberships by theme:

 Climate	 Nature	 Governance
CDP	Finance Sector Deforestation Action (FSDA)	Asian Corporate Governance Association (ACGA)
Ceres Investor Network	Investor Environmental Health Network (IEHN)	Council of Institutional Investors (CII)
Climate Financial Risk Forum (CFRF)	Investor Policy Dialogue for Deforestation (IPDD)	Confederation of British Industry (CBI)
Confederation of British Industry (CBI)	Natural Capital Investment Alliance (NCIA)	Global ESG Benchmark for Real Assets (GRESB)
Energy Transitions Commission (ETC)	Nature Action 100 (NA100)	Interfaith Center on Corporate Responsibility (ICCR)
FAIRR	PRI Spring	UK Sustainable Investment and Finance Association (UKSIF)
Financing a Just Transition Alliance (FJTA)	Taskforce on Nature-related Financial Disclosures (TNFD)	International Corporate Governance Network (ICGN)
Glasgow Financial Alliance for Net-Zero (GFANZ)		Principles for Responsible Investment (PRI)
Global Impact Investment Network (GIIN)		Shareholder Rights Group
Institutional Investors Group on Climate Change (IIGCC)		The Investing and Saving Alliance (TISA)
Investment Association (IA)		UK Stewardship Code (UKSC)
Net Zero Asset Managers initiative (NZAM)		The US Forum for Sustainable and Responsible Investment (USSIF)
Principles for Responsible Investment (PRI)		
ShareAction investor Decarbonization Initiative		
Sustainable Investments Institute		
Sustainable Markets Initiative		
Task Force on Climate-related Financial Disclosures (TCFD)		
Transition Plan Taskforce (TPT)		
	 People	
	Investors Against Slavery and Trafficking, Asia Pacific (IAST APAC) Initiative	
	Northeast Investors Diversity Initiative (NIDI)	
	Race at Work	
	ShareAction: Long-term Investors in People's Health Initiative (LIPIH)	
	Thirty Percent Coalition	
	Women's Empowerment Principles	
	Women in Finance	

Impax Asset Management Sustainability highlights 2023

Investments



49%

AUM invested in 'climate solutions'¹



92%

AUM committed under NZAM that has 'transition aligned/aligning' climate management and disclosures¹

Operational



97%

electricity from renewable sources across Impax offices¹



2030 target is 100%

MORNINGSTAR®

2024 Winner

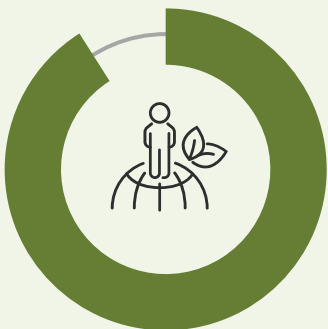
Best Asset Manager
Sustainable Investing Awards²

Stewardship & Advocacy³



25%

of engagement dialogues focused on climate-related issues in 2023



91%

climate-related shareholder proposals supported in 2023

Early adopter
of TNFD
recommendations

Became
a member of
Nature Action 100+

Contributed to
TPT asset management
sector guidance



¹As at 31 December 2023. See page 3 for our definition of 'transition aligned/aligning'. ²The Morningstar Asset Manager – Sustainable Investing Awards are determined by a combination of Morningstar's qualitative and quantitative sustainability research capabilities. The full methodology for the awards is available [here](#). ³Our other areas of priority for stewardship and advocacy activities are Governance, Nature and People. See our [Stewardship and Advocacy Report 2024](#) for full details of our activities in 2023.

Impax Asset Management

Equity, Diversity & Inclusion 2023

We believe that the transition to a more sustainable economy is closely linked to the transition to a more equitable society.

Equity, diversity & inclusion are critical:



Gender overview 2023¹

	Female	Male	Prefer not to disclose
Total company	47%	52%	2%
Board	57%	43%	0%
Executive Committee	33%	67%	0%
Senior staff	36%	62%	2%
Investment team	33%	66%	1%
Promotions	54%	46%	0%
Hires	49%	51%	0%

Self-reported, anonymous data collected in August and September 2023. Conducted by Impax, with an 86% response rate.

Ethnicity overview 2023¹

	Asian	Black	Additional ethnic groups	White	Prefer not to disclose
Total company	15%	4%	6%	74%	2%
Board	0%	0%	0%	100%	0%
Executive Committee	0%	8%	0%	92%	0%
Senior staff	10%	1%	2%	85%	2%
Investment team	22%	1%	8%	67%	1%
Promotions	16%	2%	5%	77%	1%
Hires	14%	2%	9%	75%	0%

Self-reported, anonymous data collected in August and September 2023. Conducted by Impax, with an 86% response rate.

Goals and objectives

Previously, Impax had articulated two specific E,D&I goals for December 2025:

- That Impax's overall workforce gender mix should be circa 50% (48–52%) women
- The representation of women and racial/ethnic minorities in senior management, portfolio management, and client-facing roles should meaningfully exceed relevant industry averages in Impax's primary locations (UK and US)

Following good progress against these goals, we undertook a benchmarking exercise, analysing our current profile, the markets in which we operate, and comparing ourselves with our peers. This has informed our refined and updated E,D&I goals, which we believe are more transparent and measurable.

For December 2027, we aim that:

- Impax's overall workforce should be 48%-52% women
- Impax's overall workforce should be 28%-32% minority ethnic
- Impax's senior staff² should be 38%-42% women
- Impax's senior staff should be 14%-18% minority ethnic

¹Due to Impax's size and our focus on protecting employees' privacy and individually identifiable data, Impax's race and ethnicity categories with relatively few respondents have been aggregated for the purposes of external data reporting. As such, 'Additional ethnic groups' represents Hispanic or Latinx, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races or Mixed Heritage, and other identities that staff have self-identified. ²Impax's corporate level of "Director" and above

Impax Asset Management In the Community 2023

Impax's Value of "Building a common future" recognises that we have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.

Impax supports a small number of strategic community partners which align to our mission as specialists in the transition to a more sustainable economy. These partners support issues related to the environment and social inclusion, with a particular focus on education and green skills.



We aim to donate 0.5% - 1% of our pre-tax profit to support our community partners and charitable activity. In our financial year 2023 we donated £504,933 to charitable causes (up from £287,382 in 2022).¹

Impax's charitable partners include:

- Ashden is a London-based charity that champions applied, local energy solutions to reduce greenhouse gas emissions, protect the environment, combat poverty, and improve lives. Impax and Ashden have worked in partnership for a decade, with Impax sponsoring the Ashden Award for Climate Innovation in the UK. A team of Impax colleagues take part in the awards process each year, to help evaluate and judge award submissions, and provide ongoing mentoring and support to previous winners.
- Ceres is the leading US NGO addressing the world's greatest sustainability challenges through collaborations with leaders in business, government, and finance. Impax has partnered with Ceres for nearly a decade, providing programmatic support, grants, and in-kind assistance. This supports the team at Ceres in their research and analysis, and in ensuring their findings are heard by investment leaders and the public.
- Impax's support for ClientEarth is in its eighth year. As a non-profit environmental law organisation, ClientEarth's team of lawyers fight the systems which restrict the planet's freedom, using the power of the law to create lasting impact and drive systematic change to protect the earth. They advise decision-makers on policy, train legal and judicial professionals and launch legal interventions.
- Groundwork is a federation of charities mobilising practical community action on poverty and the environment across the UK. Our partnership supports 10 disadvantaged young people into jobs in the green economy in Yorkshire through the Green Jobs Pathfinder, aiming to create accessible pathways into entry-level green roles, increase the diversity of people pursuing green careers, and help 'left-behind' places to thrive through a green economy.
- Country Trust is one of the UK leading educational charities. The Impax Food Discovery Programme helps give 460 children in 10 schools the opportunity to get hands on with the living world, to learn practical skills, and to begin to discover where our food comes from, and how food, and food production is connected to health and sustainability.
- The Pax Scholarship Program honours our Pax World Funds heritage by awarding annual scholarships to three New Hampshire-based educational and non-profit institutions promoting sustainable finance, advancing women and girls, and fostering global peace. The programme aims to serve young leaders from around the world.



Appendix

Impax proprietary tool definitions

The Impax Environmental Markets taxonomy is a classification system that supports the identification of investment opportunities in companies delivering solutions to environmental and resource efficiency challenges. This equity market classification is defined as companies whose businesses and technologies focus on environmental markets, including alternative energy and energy management & efficiency; transportation solutions; water infrastructure & technologies; environmental services & resources; resource efficiency & waste management; digital infrastructure; and sustainable food & agriculture. As determined by Impax, equity securities of companies that derive significant revenues (i.e., at least 50% of revenues) by sales of products or services in these areas are classified as environmental markets.

The Impax Climate taxonomy contains companies identified as typically having 50% or more of revenues in Mitigation and Primary Adaptation solutions, plus a limited amount of Secondary Adaptation solutions according to Impax's Climate Opportunities Taxonomy. The stock-level revenue content is determined by the analyst responsible for the respective stock and confirmed and documented by a member of the Listed Investments Team with the specific universe management role.

Weighted average carbon intensity (WACI) methodology

Weighted Average Carbon Intensity (Tons CO₂/\$M Sales) is calculated using MSCI ESG Research company level research and measures exposure to carbon intensive companies. This figure represents the estimated greenhouse gas emissions per \$1 million in sales across the proposed strategy's holdings. This allows for comparisons between portfolios of different sizes. A portfolio's weighted average carbon intensity is achieved by calculating the carbon intensity (Scope 1 + 2 Emissions / \$M Sales) for each portfolio company and calculating the weighted average by portfolio weight.

At the company level, the carbon intensity (Scope 1 +2 Emissions/\$M Sales) represents the company's most recently reported or estimated Scope 1 + Scope 2 greenhouse gas emissions normalised by sales in USD. MSCI ESG Research collects company-specific direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions data from company public documents and the Carbon Disclosure Project (CDP). If a company does not report GHG emissions, then MSCI ESG Research uses a proprietary methodology to estimate Scope 1 and Scope 2 GHG emissions. The data is updated on an annual basis. Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle. Scope 2 emissions are those caused by the generation of electricity purchased by the company. For more information, visit <https://www.msci.com/index-carbon-footprint-metrics>.

Carbon Intensity scores are determined by taking the market value of each security and company-level data to calculate the weighted average score at the portfolio level. The proposed strategy and Index weighted average carbon intensity numbers are calculated by and sourced from FactSet, using MSCI ESG Research company-level data.

SDG mapping methodology

The UN Sustainable Development Goals (SDGs) comprise a series of 17 sets of targets across a range of issues including poverty, inequality, climate change, clean water, gender inequality and other global challenges, to be met by the world's economies by 2030. Please refer to the SDGs for additional information. Impax Asset Management (Impax) uses the SDG framework to understand which current and potential portfolio companies are involved in activities that contribute towards addressing these critical global challenges.

Impax's methodology is based on identifying the portion of companies' revenues that relate to the targets and indicators within each Goal. Impax has mapped 51 categories (for a complete listing of the 51 revenue categories, please see p. 8 of the Impact @ Impax 2022 publication) of business activities linked to 11 of the 17 SDGs and their underlying targets and indicators. Impax focusses on those SDGs where the underlying targets of the Goal are relevant to private sector investment opportunities, rather than public funding or policy action.

Mapping of company revenues to the SDGs occurs annually at the end of each calendar year and is quantified based on portfolio company disclosures. The mapping is done on a global basis and does not differentiate between regions except in the case of financial services and telecom companies and their business activities relevant to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure) where Impax only focusses on company revenue generated in the least developed countries (LDCs). For business activities relevant to other SDGs the focus described by the SDG framework is predominantly 'global'. As such, Impax's methodology for measuring SDG-related revenue does not differentiate between geographic regions as the natural environment is regarded as a "global common."

Impax's investment process does not analyse alignment with SDGs as an investment objective or component of portfolio construction. Impax simply maps SDG-related revenue exposure for portfolio companies, which is instead a byproduct rather than a feature of the investment process.

Environmental impact and climate transition methodology

Specialists strategy

The relevant environmental metrics for all portfolio companies were measured where data was available or could be estimated. The analysis included all companies in which the strategies were invested as at 31 December 2023. At the time of preparation, Impax aimed to obtain the most recently available and commonly collected environmental data from investee companies. For approximately 80% of companies this was from 2023 reported information, and for the remainder of companies this was from previously reported information. The percentage owned in each underlying company (calculated based on the proportion of shares owned) as at 31 December 2023 was applied to measure the environmental benefit attributable to the strategies. These included:

Greenhouse gas (GHG) emissions, Scope 1, 2 and 3 (tonnes of CO₂e)

Greenhouse gas (GHG) avoidance (tonnes of CO₂e)

Renewable electricity generated (MWh)

Water treated, saved or provided (megalitres/gallons)

Materials recovered/waste treated (tonnes/tons)

The relevance of each metric was also assessed for each company based on its business activities.

Impax collected relevant data from company disclosures, including sources such as annual reports, CDP and sustainability reports. Where information was not available, Impax contacted companies to request additional disclosure, which in some cases produced additional relevant data.

However, some companies could not/did not provide information on several metrics. Impax therefore created estimates where robust data was obtained for these metrics:

For missing Scope 1 and 2 GHG emissions data, Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions.

For missing environmental impact data, industry or academic data was sought in order to set robust assumptions. In cases where robust data could not be found, zero impact was reported for a company.

Impax strives to be conservative with estimates in an effort to ensure that positive impact is not overstated, or in the case of GHG emissions, avoided emissions are not overstated.

The below table summarises the data that was available and estimated for companies in the strategy. The total number of companies in the strategy as at 31 December 2023 was 63.

The environmental impact of investments will always depend on the mix of underlying holdings and are thus subject to change. The information contained in this report is therefore specific to the date listed herein.

Metric estimated/ disclosed	Number of companies				
	for which the metric is relevant	for which the metric was available	for which the metric was estimated	For which metric relevant but not available	For which metric was not relevant
Avoided GHG emissions	53	29	13	11	10
GHG emissions	63	60	3	0	0
Materials recovered treated	9	8	1	0	54
Renewable electricity generated	14	14	0	0	49
Water provided saved treated	18	10	4	4	45

Impax Environmental Markets plc

Investment objective

The Company's objective is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste. Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management (which includes sustainable food, agriculture and forestry).

Shareholders should read the KID and Annual Report before investing which is available at: www.impaxam.com Please refer to Impax's ESG Policy for more details.

Marketing communication

This marketing communication does not include sufficient detail to enable the recipient to make an informed decision. Please refer to the KID and latest Annual Report which set out the investment objective, policy, maximum leverage and principal risk factors faced by the Company.

The value of an investment in the Company, and any income derived from it, may fluctuate and can go down as well as up depending on a number of factors.

The main factors likely to affect future returns from an investment in the Company include:

Changes in general economic and market conditions **such** as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events, policy development, technological change and any other factors that may cause price movements, volatility or illiquidity in the market generally.

Fluctuations in the value of the Company's underlying investments, particularly those investments in companies with small capitalisations and/or unlisted securities, which are likely to be subject to higher valuation uncertainties and liquidity risks than companies with larger capitalisations and other securities listed or traded on a regulated market.

Events or conditions impacting the Company's investments in companies operating in environmental markets, such as governments altering the regulatory and financial support for environmental improvement, costs of technology not falling or increasing, reduced or deferred capital spending by customers or products or services not being adopted. Increased risks arising from borrowing by the Company. If investment markets fall in value, any borrowing will enhance the level of loss.

Shares of the Company may trade at a discount or a premium to Net Asset Value for variety of reasons including market sentiment and market conditions. On a sale you could realise less than the Net Asset Value and less than you initially invested.

Other risks arising from events which are outside of the Company's control, such as the Covid-19 pandemic and the conflict in Ukraine.

Important information

This document has been issued by Impax Asset Management (AIFM) Limited ("Impax"; FRN: 613534) which is authorised and regulated by the Financial Conduct Authority. Before making any investment decision, please consult full details of the objectives, investment policies and risks in the prospectus, key investor information documents (KIID) and/or key information document (KID).

Impax Environmental Markets plc (the "Fund") is incorporated in England and Wales under the Companies Act 1985 with registered number 4348393 and registered as an investment company. The Fund is classified as an Alternative Investment Fund under Directive 2011/61/EU as onshored into the domestic body of UK legislation ("UK AIFMD"), and in respect of which Impax acts as the Alternative Investment Fund Manager (the "AIFM").

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Performance - This document contains information on the past performance of the Fund. Past performance does not predict future returns. Information on past performance refers to the past and past performance is not a reliable indication of future performance. This also applies to historical market data. The performance data does not take into account the commissions and costs incurred on the issue and redemption of units. The annual investment management charge and other charges are generally deducted from income, although a portion may be deducted from capital of the trust. Where charges are deducted from capital, the potential for capital growth will be reduced. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Investments in funds are subject to risk. It is important to choose a fund that does not exceed the risk level you are prepared to accept. Portfolio characteristics, including specific holdings, country, sector and industry exposure, are as at the date indicated and are subject to change without notice. Portfolio characteristics illustrate the

application of Impax's investment style only and should not be considered a recommendation by Impax. The money invested in a fund can increase and decrease in value and there is no guarantee that you will get back the full amount invested.

Benchmark – Impax uses the MSCI ACWI and the FTSE ET indices as indicative benchmarks for its strategies. The MSCI ACWI captures all sources of equity returns in 23 developed and 26 emerging markets, and it assumes any net cash distributions, including dividends, are reinvested. The FTSE ET represents the performance globally of companies with a core business (at least 50%) in the development and operation of environmental technologies, and it assumes any gross cash distributions, including dividends, are reinvested. Both indices have investment orientations which are comparable to the sub-funds' strategies.

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Potential investors should consult with their professional advisers in relation to the tax treatment of their holdings. Please note that the dividends/interest which the Fund may receive may be subject to withholding taxes. The tax treatment depends on the individual circumstances of each investor. Impax does not provide legal or tax advice.

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