Taskforce on Climate-related Financial Disclosures Report
For the year ended 30 September 2022

Specialists in the transition to a more sustainable economy
Introduction

The purpose of this report is to disclose how we identify, assess and manage the exposure of our business and our clients’ investments to climate-related risks and opportunities, as well as our strategic resilience to climate risks.

Impax believes that climate risk is a critical sustainability challenge, and that climate-related risks and opportunities are likely to be significant drivers of investment performance for large parts of the global economy over the decades to come.

Impax Asset Management Group plc’s ("Impax", or the “Company”) is pleased to publish this, its first Taskforce on Climate-related Financial Disclosures ("TCFD") report, alongside the Company’s Annual Report and Accounts. This report covers the same 12-month period from 1 October 2021 to 30 September 2022 ("the Period").

In addition to UK government requirements, the FCA has made it a requirement for many regulated firms, including those within the Company’s group, to publish TCFD-aligned climate disclosures on their website, with effect from 1 January 2023 and with the first reports due by 30 June 2024, under ESG 2.1 in the FCA Rules.

Impax was among the inaugural signatories to TCFD in 2017 and has regularly provided updates in line with TCFD recommendations in our responses to CDP (Carbon Disclosure Project), PRI (Principles for Responsible Investment) and other investor initiatives.

Transparency as to how companies and investors are addressing these risks and opportunities is important to shareholders, clients, employees, regulators and other stakeholders. The publication of this report fulfils a commitment made in our 2021 Annual Report and Accounts and is aligned with our mission of investing in companies that we believe are well positioned to benefit from the transition to a more sustainable economy.

While not in scope of this requirement yet, the Company has decided to produce its first group TCFD report ahead of FCA expectations to demonstrate its support for the disclosures. This report is therefore being produced on a best-efforts basis and we intend to further develop our disclosures under the FCA’s regime when relevant group legal entities fall under the reporting requirement.

Since 1998 Impax has pioneered investment in the transition to a more sustainable global economy.

Contents

01 Introduction
03 Governance
04 Governance structure for climate-related issues
08 Strategy
08 Climate-related opportunities and our products
09 Climate-related risks to our strategy
10 Policy advocacy
11 Risk Management
11 Climate risk assessment
12 Scenario analysis of transition and physical climate risks
13 Engagement as a tool for climate risk management
14 Identifying, assessing and managing climate risk in our operations
15 Metrics and targets
15 Investment-related metrics
18 Financed emissions
19 Engagement
20 Investment-related targets
21 Operational metrics
21 Operational targets
22 Independent assurance statement to Impax Asset Management Group plc
In line with the TCFD’s recommendations, this report comprises four interrelated sections:

<table>
<thead>
<tr>
<th>Governance</th>
<th>Risk management</th>
<th>Strategy</th>
<th>Metrics and targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impax’s governance structure around climate-related risks and opportunities</td>
<td>The processes in place to identify, assess and manage climate-related risks</td>
<td>The actual and potential impacts of climate-related risks and opportunities on Impax’s business and strategy</td>
<td>The metrics and targets used to assess and manage climate-related risks and opportunities</td>
</tr>
</tbody>
</table>

Each of these sections covers both our business operations and, more critically, the investments we manage on behalf of our clients. While we can lead by example by reducing our own environmental impact, we believe that climate-related risks and opportunities are of much greater relevance to our core business activities as an investment manager specialising in the transition to a more sustainable economy.

**Introduction continued**

The nature of Impax’s business and its investment philosophy mean that the management of climate-related and broader sustainability-related risks and opportunities is a strategic focus for the Company.

The Board of Directors (“Board”) is responsible for governing and overseeing the Company’s strategy and providing an oversight, control and monitoring role of its operations and risks. In this function, the Board also oversees climate-related risks and opportunities. The Audit & Risk Committee, which is comprised of independent non-executive directors, is responsible for the oversight of risk management (including climate risk management) on behalf of the Board. A dedicated Director is assigned to have “climate responsibility” and is the Board’s representative at the employee-led Environment Group, which provides input and advice to support decision-making on Impax’s climate policies, performance and targets.

Management and monitoring of climate-related risks and opportunities, including implementing the TCFD recommendations, is delegated to senior management, specifically the Executive Committee. Senior management is represented on investment committees, which oversee the Company’s investment activities, investment performance and risk management, and regularly address climate-related issues. In addition, Impax also has specialist committees dedicated to climate and related issues, most notably the Sustainability Lens Committee and the ESG Policy Committee.

The Private Markets division has its own Investment Committee and ESG Sub-Committee. The Board has requested that climate risk be formally recorded on the Company’s enterprise risk register, making it subject to independent oversight and assurance from the enterprise risk team. Work to further integrate climate-related risks, including physical climate risks, into the enterprise risk framework continues into the new financial year.
Governance continued
Governance structure for climate-related issues

The assessment and management of climate-related risks benefit from extensive in-house expertise

Audit & Risk Committee

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair: Non-Executive Director (Vince O’Brien, until 30 November 2022)</td>
<td>The Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing effectiveness, fraud prevention or detection, and internal controls. The Committee met five times during the Period.</td>
</tr>
<tr>
<td>Membership: Non-Executive Directors</td>
<td></td>
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</table>

Investment Committee

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair: Chief Investment Officer (Listed Equities)</td>
<td>The Committee oversees the Company’s investment activities, investment performance and risk management, and regularly addresses climate-related issues. The Committee meets every fortnight.</td>
</tr>
<tr>
<td>Membership: Impax investment teams</td>
<td></td>
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</tbody>
</table>

Sustainability Lens Committee

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairs: Chief Investment Officer (Listed Equities); and Head of Sustainability &amp; ESG</td>
<td>The Committee convenes quarterly to assess emerging issues, risks and opportunities, and their consequences for the Impax Sustainability Lens and for various economic activities. Outcomes and decisions from the meeting are reported at the Investment Committee meeting.</td>
</tr>
<tr>
<td>Membership: Impax’s leading sustainability experts</td>
<td></td>
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Governance structure as at 30 September 2022. Dotted line denotes observer role of Chair of Audit & Risk Committee on Environment Group.

1 Annette Wilson, from 30 November 2022.
## ESG Policy Committee

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
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</thead>
</table>
| **Chair:** President, Impax North America  
**Membership:** Impax staff, including legal and compliance representatives | The Committee oversees, reviews and approves Impax’s ESG, sustainability and stewardship-related policies and positions. It reports significant policy developments to the Investment Committee. |

## Environment Group

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
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</thead>
</table>
| **Chairs:** Head of Sustainability & ESG; Head of Sustainability & ESG (North America)  
**Membership:** Impax staff, with a Board observer | The Environment Group is responsible for measuring, monitoring and reporting on Impax’s environmental and climate performance, as well as proposing firm-level environmental and climate policies, management systems and targets. Meeting quarterly, it reports to the Executive Committee and provides an annual update to the Board. |

## Private Equity / Infrastructure Investment Committee

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
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</thead>
<tbody>
<tr>
<td><strong>Chair:</strong> Founder &amp; Chief Executive</td>
<td>The Committee approves all investment and divestment proposals for the Impax New Energy Investors Funds. The Committee ensures that all investment decisions are made in compliance with the relevant Fund’s investment policy. Limited Partnership Agreement and investor side letters. The Committee meets as required. The PE/Infrastructure Team’s Head of ESG is an Observer on the Investment Committee, responsible for ensuring that investment decisions comply with the ESG Policy and other relevant rules and regulations relating to ESG topics, including climate.</td>
</tr>
</tbody>
</table>

## ESG Sub-Committee (Private Equity / Infrastructure)

<table>
<thead>
<tr>
<th>Committee details</th>
<th>Committee description</th>
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</thead>
</table>
| **Chair:** Head of Commercial Asset Management & ESG (PE/Infrastructure)  
**Membership:** Representatives from the PE/Infrastructure Team (Technical and the Head of the Team), Compliance, Legal and Head of Sustainability & ESG | The ESG Sub-Committee meets every six months to discuss relevant topics, including climate, and is responsible for governing the PE/Infrastructure ESG Policy. |

Impax’s processes for the assessment and management of climate-related risks and opportunities benefit from extensive in-house expertise on climate throughout the organisation. As well as having trained climate scientists on its investment team, several members of the Executive Committee have leadership roles or sit on the boards of organisations that have an objective to promote the transition to a more sustainable and inclusive economy. This includes Impax founder and Chief Executive, Ian Simm, who is a member of the UK government’s Net Zero Innovation Board, Chair of the Decarbonisation Board of the Confederation of British Industry and a Board member of the Institutional Investors Group on Climate Change (IIGCC).

Impax also has an in-house Policy & Advocacy team of experts in climate change, environmental and energy policy. We outline their work in the Strategy section.

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1. This is the Investment Committee for Impax New Energy Investors IV SCSp.
The Company’s strategy is focused on the investment opportunities arising from the transition to a more sustainable economy.

This includes the global transition to net-zero greenhouse gas emissions and adaptation to the unavoidable impacts of climate change.

By using our specialist insights to invest in companies and assets that we judge to be well positioned to benefit from this transition, we believe our approach to investment management can deliver compelling risk-adjusted financial returns to our clients over the long term.

In this section, we outline how we believe the Company is itself well positioned to capitalise on climate-related opportunities and how we approach climate-related risks. We also explain the role of our policy advocacy work in advancing climate-related opportunities and mitigating climate-related risks at a system level.

Impax Climate investment strategy

The Impax Climate strategy invests in a portfolio of 50 to 70 listed companies, across a diverse range of sub-sectors, that have demonstrable exposure to products and services that enable mitigation of climate change or adaptation to its consequences. Climate mitigation solutions include renewable energy and energy efficiency stocks that reduce and prevent greenhouse gas (“GHG”) emissions. Primary adaptation solutions focus on addressing the immediate impacts of climate change, such as rising sea levels and extreme heat. Secondary adaptation solutions focus on issues arising from climate change, such as the need for services to forecast and limit financial losses caused by extreme weather.

Through our impact reporting, we have demonstrated that a US$10 million investment in the Impax Climate strategy supported the avoidance of 1,600 tonnes of CO₂ emissions and the avoidance of 1,600 tonnes of CO₂ emissions. As of 31 December 2021, 59% of Impax’s investee assets were invested in assets that we assess to be “climate solutions”.

In January 2018, we launched a dedicated Climate investment strategy (see box to the left). As at 30 September, its AUM stood at £2.7 billion, making it Impax’s fifth-largest investment strategy.

1 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. Source: Impax analysis, as at 30 December 2021. Investment-related AUM excludes cash. Please note that this data has not been externally assured.

2 These figures refer to the past. Past performance is not a reliable indicator of future results. Data represents underlying holdings of representative account. Data as at 31 December 2021.

3 AUM (GBP) as at 30 September 2022. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling. MSCI indices are total net return (net dividend re-invested).

Over the three years to 30 September 2022, the Impax Climate strategy delivered gross returns of 34.9%, compared with 23.3% for its benchmark, the MSCI ACWI Index.

Impax is a member of a range of climate-focussed organisations including CDP, Ceres, the Energy Transitions Commission, the Glasgow Financial Alliance on Net Zero, the IIGCC, the PRI and the UK Sustainable Investment and Finance Association.
POLICY ADVOCACY

As an investment manager, we believe that one of the most effective actions which Impax can take to limit the systemic risks associated with climate change is to encourage policymakers to put in place effective policy frameworks to accelerate the transition to net-zero emissions. Impax therefore places great emphasis on climate-related policy and advocacy, collaborating with clients and stakeholders for policy action to attract private capital necessary to achieve this transition.

Financing the net-zero transition was one of four priorities for policy advocacy during the Period. The COP26 climate summit in November 2021 was a central focus of that activity. We used a range of channels to communicate our objectives and were pleased to see our positions reflected in commitments and calls to action that emerged at Glasgow.

Impax is a member of a range of climate-focussed organisations including CDP, Ceres, the Energy Transitions Commission ("ETC"), the Glasgow Financial Alliance on Net Zero ("GFANZ"), the IIGCC, the PRI and the UK Sustainable Investment and Finance Association ("UKSIF"). We also participate in issue-specific initiatives which focus on different aspects of climate policy, including the Climate Financial Risk Forum ("CFRF"), the Coalition for Climate Resilient Investment ("CCRI"), the Financial Sector Deforestation Action initiative, the FAIRR Foundation, the Financing the Just Transition Alliance and the UK’s Transition Plan Taskforce.

Impax also supports several charities and non-profit organisations focused on climate action through multi-year strategic partnerships, namely Ashden, ClientEarth, Ceres, and the World Resources Institute.

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1 Please refer to Impax’s Engagement and Policy Advocacy Report 2022 for details of our COP26-related policy advocacy work.

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CLIMATE RISK ASSESSMENT

As mentioned in the Strategy section above, Impax assesses climate and other material risks through integrated company-level ESG analysis that informs our investment decisions and portfolio construction. Components of this analysis and key performance indicators include:

1. Transition climate risks
   - Disclosure: Rigour of measurement and transparency of reporting of climate risk exposure and management, including carbon emissions across all scopes, in absolute and relative intensity terms, e.g., TCFD-aligned reporting
   - Management: Establishment of climate management systems, efficiency and renewable energy investment, management compensation tied to climate outcomes
   - Target-setting: Robustness of targets; science-based, with short-, medium- and longer-term time horizons, Paris-aligned with sectoral pathways to net zero, ideally externally verified
   - Performance: Outcomes achieved from climate management and target-setting

2. Physical climate risks
   - Disclosure of company key locations, including strategic plants and facilities
   - Assessment of proportion of company facilities exposed to physical climate risks
   - Climate risk assessment undertaken with scenario analysis, ideally quantifying financial impacts from physical climate risks
   - Actions planned or taken to improve physical climate risk resilience or adaptation

Using a proprietary scoring methodology, we employ a top-down assessment of companies’ exposure to chronic and acute physical climate risks, as well as their vulnerability to them due to both company-specific and country-specific factors. We aim to expand this analysis to a more granular level including the use of geolocation and proximal factors. We are collaborating with the University of Oxford on a project to measure the potential financial impacts, or “Value at Risk”, stemming from physical climate risks.

Investments in the New Energy strategy are subject to climate risk assessments through our ESG analysis to identify material climate risks, and as part of the permitting process for renewable energy projects prior to entering construction. Appropriate measures to reduce any risks can be considered in post-acquisition, active management plans.
### SCENARIO ANALYSIS OF TRANSITION AND PHYSICAL CLIMATE RISKS

#### Transition climate risks

We have adopted a climate scenario developed by the Network for Greening the Financial System (“NGFS”) to assess how our investee companies’ earnings might be impacted by the evolution of carbon prices. Carbon pricing includes costs associated with emissions trading systems globally as well as carbon taxes. Our carbon pricing model aims to estimate the impact of carbon pricing on companies’ future global earnings before interest and tax (“EBIT”), accounting for their Scope 1 and Scope 2 emissions as well as carbon taxes. The NGFS methodology, we employ a top-down approach to engage investee companies’ exposure to chronic and acute physical climate risks, as well their vulnerability to them.

The output of scenario-based forecasting can then be mapped against the locations of assets owned by investee companies. To date, we have run the asset location-level multiple-scenario analysis model on assets held in our Private Equity portfolios, as well as many companies held within our Listed Equities portfolios. Our physical climate risk assessment tool is used to flag companies whose climate risk is more elevated to inform additional examination of that risk. This also feeds into our engagement work.

### ENGAGEMENT AS A TOOL FOR CLIMATE RISK MANAGEMENT

Impax actively engages with its investee companies to encourage improved climate risk management, processes and disclosures. Climate change has been one of our four strategic engagement areas throughout the Period. Within this, we have focused on:

- Processes, management and transparency of climate risks
- Physical climate risks, including water stress
- Disclosure of the location data of companies’ assets and facilities

Engagements are conducted as part of regular meetings with company management teams, or through additional conference calls, meetings, email exchanges, or as part of joint communications with the investment community. Engagements are also regularly conducted together with other investors and partners. Impax actively manages investments in the New Energy strategy and engages directly with management and via the team’s positions on boards.

Where material concerns or anomalies are identified, Impax will intervene to mitigate risks. The investee company’s management team is immediately contacted. If they are unresponsive or unwilling to consider alternative options, Impax will escalate the dialogue by:

- Seeking alternative or more senior contacts within the company
- Intervening or engaging together with other shareholders, institutions or organisations
- Highlighting the issue and/or joint engagement regarding the issue through institutional investor platforms that involve the likes of academics and NGOs
- Filing or co-filing resolutions at General Meetings

### Engagement with ENN Energy Holdings

Companies that are better positioned to respond to climate change are likely to command a valuation premium over less well-prepared competitors. We have been engaging with one of our China-based investments, energy infrastructure company ENN Energy Holdings, to encourage it to improve its GHG disclosure and physical climate risk management.

In a series of engagements since 2018, we provided the company with a physical climate risk assessment that ENN used as a starting point for conducting a survey of site managers on their perceived physical climate risks and for carrying out a forward-looking pilot financial impact analysis of extreme weather risks. During two engagements in 2021, we found that the company had made significant improvements: it has improved its sustainability disclosures; its GHG emissions reporting is now verified against internationally agreed standards; and the company has set medium-term emissions reduction targets.
In 2021, for the second year in a row, campaign group ShareAction ranked Impax first out of 65 of the world’s largest asset managers for its support of 146 shareholder proposals on environmental and social issues.¹

Physical climate risks (operational)
Like almost all companies, Impax is subject to climate-related risks relating to its operations. Specifically, Impax offices are subject to physical risks from extreme weather events as are our suppliers, including of electricity and information technology services, and the transportation systems on which employees depend.

Our assessment concluded that the physical climate risks facing our offices remain relatively low. While drought risk and water stress is high across the metropolitan areas where Impax offices are based, most significantly in London, as an office-based company water risks are moderate and more indirect. Major storm risk is notable, and expected to increase, for our US (Portsmouth, New Hampshire and New York) and Hong Kong offices, with sea level rises elevating coastal flooding risks.

Overall, the assessment indicated that the main operational risks are associated with connecting infrastructure and transport. The experience of the COVID-19 pandemic demonstrated that operations could continue effectively with most staff working remotely, however, giving us confidence that the Company would cope with any acute climate impacts.

Companies comprising around 9% of the AUM of Impax’s active listed equities strategies are exposed to a potential decrease in future profitability - measured by earnings before income and tax (EBIT) - of 30% or more, based on a scenario analysis of the impact of carbon pricing (see “Scenario analysis of transition and physical climate risks” in the “Risk Management” section for details).

We are engaging to further understand these companies’ actions towards mitigating their transition risk exposure as well as their overall climate resilience.

Impax New Energy Funds

On aggregate, the New Energy portfolio of renewable energy assets performs well across location-related, physical climate hazard metrics. Key areas of focus remain Spain, where heat and water stress are consistently high, and the Netherlands, where coastal flood risks exist.

At as 31 December 2021, 59% of total AUM was invested in companies and assets providing climate solutions, with 72% invested in environmental thematic strategies more broadly.1

1 This high-level risk assessment includes the country location of companies’ headquarters and up to five company facilities.

2 Source: Impax analysis, as at 31 December 2021. Excludes cash. Please note that this data has not been externally assured.
**Metrics and targets continued**

We calculate and report, on a portfolio basis, the net CO₂ impact per US$10 million invested in Impax strategies for one year. To calculate net CO₂ impact, we subtract the emissions avoided over one year – as a result of the use of portfolio companies’ products and services – from the direct and indirect emissions produced by portfolio companies and in their supply chains. We separate strategy carbon emissions out into Scope 1 and 2 – which includes direct and indirect emissions from energy produced and consumed by portfolio companies – and Scope 3 – which includes indirect emissions from portfolio companies’ supply chains and products in use.

**FINANCED EMISSIONS**

**Financed GHG emissions**

We have gathered all emissions data disclosed by our investee companies, reporting Scopes 1 and 2 emissions where those are not reported. The table below includes both absolute (tonnes of CO₂ equivalent (tCO₂e)) and intensity-based metrics for listed equities strategies, which account for 95% of total AUM. This includes both our active and systematic listed equities strategies.

<table>
<thead>
<tr>
<th>Scope</th>
<th>Emissions</th>
<th>Unit</th>
<th>Listed equities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 &amp; 2</td>
<td>CO₂e</td>
<td>3,887,563</td>
<td>3,887,563</td>
</tr>
<tr>
<td>3</td>
<td>CO₂e</td>
<td>6,752,598</td>
<td>6,752,598</td>
</tr>
<tr>
<td>Carbon footprint</td>
<td>CO₂e</td>
<td>/ US$1m invested</td>
<td>200</td>
</tr>
<tr>
<td>WACI (Scope 1, 2)</td>
<td>CO₂e</td>
<td>/ US$1m revenue</td>
<td>150</td>
</tr>
<tr>
<td>WACI (Scope 1, 2 &amp; 3)</td>
<td>CO₂e</td>
<td>/ US$1m revenue</td>
<td>448</td>
</tr>
</tbody>
</table>

Source: Scope 1, 2 and 3 emissions data gathered and estimated as part of the Impact () Impax 2022 reporting for active Listed Equities assets. Emissions data for stocks held exclusively in Impax's systematic Listed Equities strategies was externally sourced and has not been externally assured, however undertaken an internal peer review, by the Impax systematic quantitative team.

We also gathered emissions data for our fixed income investments, which comprise 4% of Impax AUM. Scope 1 and 2 and Scope 3 emissions totalled 23 CO₂e and 25 CO₂e, respectively. The carbon footprint for fixed income investments was 23 CO₂e per US$1m invested.

The carbon footprint of private equity investments, which comprise 1% of Impax AUM, was 40 CO₂e per US$1m invested. 1

The GHG emissions figure used an average of both sources, adjusted to an estimated 2021 figure using the average growth rate in CO₂ emissions from energy combustion and industrial processes between 2018 and 2021 (Source: IEA, 2022). The emissions intensity figure is derived by dividing the adjusted global GHG emissions figure by the global AUM figure. The “1.5°C scenario” is based on the IPCC target of reducing global emissions by 45% from 2010 levels by 2030, to limit global warming to 1.5°C and the “2°C scenario” is based on a 2°C target. Impax calculations for the “1.5°C” and the “2°C” scenarios are based on estimated global assets under management (AUM) in 2020 and estimated global GHG emissions in 2030 compatible with the 1.5°C and 2°C alignment scenario. The 2030 global AUM figure is extrapolated using the 2020 global AUM figure and the estimated annual growth rate in global AUM between 2020 and 2030 (Source: fossil fuels). The 1.5°C aligned and 2°C aligned global GHG emissions figures are calculated by reducing 2030 global GHG emissions (on average of two sources: Our World in Data, 2020; CO2, and Greenhouse Gas Emissions, & Emissions Database for Global Atmospheric Research, 2021) GHG emissions of all world countries by 45% (1.5°C) and 25% (2°C) respectively. The 45% and 25% reduction respectively are internationally accepted figures (IPCC, 2018: Global Warming of 1.5°C Summary for Policymakers). The emissions intensity figure is derived by dividing the estimated global GHG emissions figure by the estimated global AUM figure.

1 Reporting for the Sustainable Infrastructure (active) strategy is based on model portfolio holdings, in advance of its launch. In Autumn 2022 data represents indicative underlying holdings of proposed strategy. Actual holdings and therefore impact data may vary and should not be relied upon.

2 Reporting for the New Energy considers the lifecycle emissions of the investment, which includes Scope 1 and 2 emissions. The source for solar and wind emissions factors is in Annex B Metrics & Methodology, in “Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change”. For hydropower, we use hydrosystemic emissions factors published by the Norwegian Water Resources and Energy Directorate (NVE).

3 This includes CO₂ emissions and avoidance reporting for approximately 90% of Impax’s assets under management, as of 31 December 2021.

4 This includes emissions for corporate fixed income assets held within the Impax Core Bond+ strategy.

**ENGAGEMENT**

**Transition alignment of investee companies**

Impax has assessed the alignment of its portfolio companies’ climate management and processes to the net-zero transition and the need to adapt to physical climate impacts, based on the PAI Net-Zero Investment Framework1 and influenced by the SBTi Portfolio Coverage Approach. The approach is also aligned with the GFANZ Financial Institution Net-zero Transition Plan (“NZTP”) 2 guidance.2 Aligned climate management processes include appropriate climate risk pricing, robust climate target-setting (for example, approved the Science Based Target initiative (“SBTi”) targets) and TCFD-aligned climate reporting.

We have defined three categories: “transition aligned”, “transition aligning” and “transition non-aligned” climate management and processes. In this context, “transition aligned” also includes the need to adapt to climate impacts. The distribution of committed AUM in these categories, as of 31 December 2021, stood at: 3

- “Transition aligned” climate management & processes 47%
- “Transition aligning” climate management & processes 45%
- “Transition non-aligned” climate management & processes 8%

**Climate-focused engagements and outcomes**

**Climate-related engagements during 2021**

<table>
<thead>
<tr>
<th>Total engagements focused on climate-related issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
</tr>
</tbody>
</table>

**Companies engaged on climate issues by AUM**

<table>
<thead>
<tr>
<th>Positive engagement outcomes during 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total engagements with a positive outcome 47%</td>
</tr>
<tr>
<td>Companies engaged on climate issues by AUM 18%</td>
</tr>
</tbody>
</table>

INVESTMENT-RELATED TARGETS

Impax’s net zero target and commitments

The Net Zero Asset Managers (NZAM) initiative, which Impax joined in October 2021, reflects a formal commitment by signatories to support the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

As an NZAM initiative signatory: Our aim is for 100% of committed AUM to be within the “transition aligned” or “transition aligning” categories, related to climate management and processes, by 2030. At least 50% of committed AUM will be classified as aligned.

To achieve this target, we will:

• Engage with all in-scope companies not yet climate resilient/transition aligned
• Use proxy voting as part of climate resilience and transition stewardship
• Use collaborative engagements and escalations
• Use “system-level” engagement to identify and remove barriers from achieving net zero transition
• Focus on policy advocacy as support for accelerating a real-economy transition
• Consider climate transition in product development

Impax’s approach is informed by the PAII Net Zero Investment Framework and is influenced by the SBTi Portfolio Coverage Approach. Committed AUM consists of all actively managed listed equities and private equity investments which represent 92% of AUM. Over time we plan to increase the proportion of AUM committed. We are committed to reporting on the level of our investment in climate solutions and on the related avoided GHG emissions.

The Company’s total carbon footprint (Scopes 1, 2 and 3) increased substantially during the Period, driven primarily by increased business travel, from a very low base, with the lifting of global travel restrictions following COVID-19 lockdowns and continued business growth. The latest pre-pandemic Scope 3 (business travel) figure, for the Period ending 30 September 2019, was 329 tCO₂e. We have enhanced our Scope 3 emissions methodology with more accurate emissions factors, including flight distances, class of travel and radiative forcing.

Market-based Scope 2 emissions decreased due to a small reduction in consumption and a switch to renewable energy at the New Hampshire office in 2021. Our New York City office opened during the Period and has been added to our reporting scope.

The Company’s total global energy consumption over the Period was 492 MWh, up 3% compared to the previous Period. The New Hampshire and London offices accounted for 52% and 42% of total energy consumption, respectively.

OPERATIONAL TARGETS

Impax has the following firm-wide, operational environmental targets in place:

• Scope 2 emissions target: To source 100% renewable energy across all Impax offices (from electricity use). This stood at 97% across the company at the end of the Period. Our Hong Kong office is now sourcing renewable electricity.
• Scope 3 emissions target: Air travel has historically been Impax’s largest source of carbon emissions, and we now look to substitute short-haul air travel by rail or coach where possible. We also favour video conference meetings whenever practicable. We are discussing a target to reduce Scope 3 emissions.

2 Scope 3 business travel emissions: All air travel distance data provided our third-party corporate travel provider for FY2022 has been used to calculate associated business travel emissions, by applying the relevant UK Government DEFRA/BEIS emissions factors (including radiative forcing) by flight distance (domestic, short-haul, long-haul and international) and flight class (economy, premium economy and business).
3 All present, travel-related emissions data is only available for air travel undertaken by employees based in our London, Hong Kong and Dublin offices (equivalent to 62% of firm-wide full-time equivalent employees). Emissions associated with rail travel have not currently been captured by the existing data. While business travel by hire cars and buses is limited, staff expense these journeys retrospectively and we have not been able to capture associated travel or emissions data of these journeys.
4 Reporting in line with Streamlined Energy and Carbon Reporting requirements (SECR). This total global energy consumption figure has been externally assured by ERM CVS.
Independent Assurance Statement to Impax Asset Management Group plc

Impax Asset Management Group plc ("Impax") engaged ERM Certification and Verification Services Limited ("ERM CVS") to provide limited assurance in relation to selected data in Impax 2022 Annual Report (the "Report") as set out below.

**Engagement summary**

<table>
<thead>
<tr>
<th>Scope of our assurance engagement</th>
<th>Whether the selected data for the financial year 2022 listed below and presented in the Report are fairly presented, in all material respects, in accordance with the reporting criteria:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Total Scope 1 direct GHG emissions tCO₂e</td>
</tr>
<tr>
<td></td>
<td>• Total Scope 2 indirect GHG emissions - location based tCO₂e</td>
</tr>
<tr>
<td></td>
<td>• Total Scope 2 indirect GHG emissions - market based tCO₂e</td>
</tr>
<tr>
<td></td>
<td>• Scope 3 GHG emissions for Category 6: Business Travel tCO₂e</td>
</tr>
<tr>
<td></td>
<td>• Total global energy consumption MWh</td>
</tr>
</tbody>
</table>

**Reporting period**

1 October 2021–30 September 2022

**Reporting criteria**

WBCSD/WRI GHG Protocol (2004, as updated January 2015) as relevant for the Scope 1, 2 and Scope 3 data. Streamlined Energy Carbon Reporting (SECR) requirements for the Total global energy consumption data.

**Assurance standard**

International Standard on Assurance Engagements ISAE 3000 (Revised).

**Assurance level**

Limited assurance.

**Respective responsibilities**

Impax is responsible for preparing the Report and for the collection and presentation of the information within it. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

**OUR CONCLUSION**

Based on our assurance activities, nothing has come to our attention to indicate that the data, as listed above, are not fairly presented in the Report, in all material respects, with the reporting criteria.

**EMPHASIS OF MATTER**

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Impax relating to Scope 3 GHG emissions for Category 6 in the "Operational metrics" section of the Report. In particular, GHG emissions for this Category from the USA offices where ~38% of employees are based, as well as emissions associated with ground transportation such as rail and hire car and buses are currently not included within reporting due to limitations around data collection processes.