

Stewardship and advocacy for real-economy impact

As an investor focused on the transition to a more sustainable global economy, Impax devotes great energy and resources to our relationships with investee companies, peers and policymakers. Stewardship and advocacy are the twin levers that we can pull to influence change and help address the systemic risks facing our investee companies and the real economy.

In our sixth annual Stewardship and Advocacy report, we summarize our engagement activities in 2022 and outline our focus areas looking ahead. We've included some of the report highlights below, and you can read the full piece at impaxam.com/stewardship-advocacy-2023.

How we engage

Company engagement

We meet with management teams when we see opportunities for companies to become more resilient and strengthen material environmental, social, and governance (ESG) processes, structures and disclosures.

Proxy voting

We view proxy voting as an important catalyst for dialogue on corporate governance best practice, both before and after companies' annual general meetings.

Shareholder resolutions

We initiate or support shareholder proposals at annual shareholder meetings to encourage greater corporate transparency around a companies' most significant environmental or social risks.

Thematic engagement

We identify the most important themes and topics to engage on every year and prioritize companies for the engagements.

Collaborative engagement

We collaborate with other investors and partners to catalyze progress on critical ESG issues across specific companies and sectors.

Systematic engagement

We seek to identify structural hurdles within sectors and industries and can engage both companies and policy makers to advocate for frameworks, policies or regulations that advance the transition to a more sustainable economy.

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IMPX1661 1/24



Why we engage

Engagement helps us both mitigate risk and enhance value and investment opportunities. The Impax investment process relies on a comprehensive understanding of the character and quality of our investee companies including material environmental, social and governance (ESG) issues as well as areas of potential improvement.

Engagement can help enable us to:

Manage risks by proactively identifying and mitigating issues.

Understand a company's character better, which lends insight about its quality and resilience.

Strengthen companies over time by improving quality, processes, transparency and resilience.

160 engagement dialogues in 2022

43% had positive outcomes¹

11% achieved 'milestones'

Engagement outcomes in 2022

13%

of engagements had a positive outcome that we believe was largely driven by Impax's efforts

¹ Positive outcomes are classified as "progress achieved" or "milestone achieved" as assessed by Impax against its engagement objectives

Pillars of stewardship and advocacy

Our stewardship strategy is currently focused on four core themes

Climate



Transition risks, physical climate risks, greening the financial system

Climate-related risks and opportunities are likely to be significant drivers of investment performance across the global economy for decades to come. We believe transition and physical climate risks are systemic for all companies.

Nature



Biodiversity, deforestation, water quality

Impax has long paid attention to nature and the risks associated with biodiversity loss, deforestation and the degradation of ecosystems. Yet there remains limited information about how companies are addressing these risks.

People



Human capital, equity, diversity and inclusion

We engage with investee companies on diversity, associated processes and disclosures, talent recruitment and retention, and health and wellness policies.

Governance



Board structure, executive compensation, shareholder rights

We believe effective corporate governance provides a strong foundation for all companies. It provides corporate oversight, accountability and transparency.

Proxy voting summary for 2022

1,094

meetings where Impax voted (99.5% where it was possible to vote)

10%

management resolutions which Impax voted against (1,371/13,967)

75%

shareholder resolutions which Impax supported (303/406)

Shareholder proposals have grown more sophisticated over recent years and general investor interest in proxy voting has increased significantly, a trend we believe will continue.

Urgent need for progress

Addressing the environmental and social challenges facing global society undoubtedly commands a growing sense of urgency among investors. Progress must accelerate and scale up if we are to mitigate the rising threats to ecological, social and financial stability. We are committed to continuing to address these challenges by taking action to reduce systemic risks through our stewardship and advocacy work now and in the future.

Shareholder Corner: Keep Your Account Active and Prevent Asset Transfer

Escheatment/unclaimed property laws are in place so your state can act as custodian to lost assets until the rightful owner or heir requests their return. Mutual funds are required to attempt to notify account holders before turning over any assets to states.

Escheatment laws require mutual funds to turn over uncashed checks and/or account shares if the owner cannot be located or doesn't contact their mutual fund for a length of time

determined by each state – typically between three and five years. Once assets are transferred, the owner must contact the state directly to claim them.

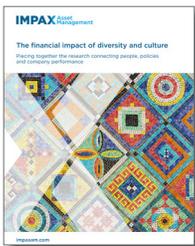
It's important to know your state's inactivity rules, but it's even more important to keep your account active to prevent your assets from being transferred due to inactivity. Luckily, it's easy to keep your account active – you can check your balance,

update your contact information or place a trade, for example, simply by logging in to your account at impaxam.com/account or calling Investor Services at 800.372.7827.

If your account has been inactive and is in danger of escheatment, you will receive a letter from Impax Funds that offers step-by-step instructions on how to re-activate as soon as possible in order to prevent the transfer of your assets. **X**

New Impax Insights

Find this and all recent thought leadership from Impax experts at impaxam.com/insights



The financial impact of diversity and culture

There is a growing body of research linking corporate culture and its parameters, including diversity, wellness, productivity and employee satisfaction, to financial performance.

Read article here: impaxam.com/diversity-and-culture



Protecting biodiversity: incentives for corporate action

Researchers from Imperial College London identified corporate projects that have delivered positive outcomes for companies and nature, offering insights on how to scale up efforts to address biodiversity loss.

Learn more: impaxam.com/protecting-biodiversity

You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 800.767.1729 or visiting impaxam.com. Please read it carefully before investing.

An investment in Impax Funds involves risk, including loss of principal. Past performance does not guarantee future results.

Management Risk - The investment techniques and decisions of the investment adviser and the Fund's portfolio manager(s), including the investment adviser's assessment of a company's ESG (Environmental, Social and Governance) profile when selecting investments for the Fund, may not produce the desired results and may adversely impact the Fund's performance, including relative to other Funds that do not consider ESG factors or come to different conclusions regarding such factors.

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Environmental, social, and governance (ESG) criteria are a set of standards for a company's operations that sustainable investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

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