

Statement on principal adverse impacts of investment decisions on sustainability factors

30 June 2023

Financial market participant Impax Asset Management (Ireland) Limited

Summary

Impax Asset Management (Ireland) Limited (the “**Management Company**”) and Impax Asset Management Limited (the “**Investment Manager**”) consider principal adverse impacts (“**PAIs**”) of investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors with respect to the sub-funds of Impax Funds (Ireland) Plc (the “**Funds**”). The Management Company and Investment Manager are hereinafter collectively referred to as “Impax”.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. A summary of the principal adverse impacts considered by Impax, as disclosed in this statement, can be found in the table below. Impax considers all mandatory principal adverse impact indicators and certain additional indicators as defined by Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector Sustainable Finance Disclosure Regulation (“**SFDR**”) subject to data availability and quality.

	Principal Adverse Impact (“PAI”)	Metric	Impact year 2022
Greenhouse gas emissions	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
	1. GHG emissions	Scope 1,2,3 GHG emissions Total GHG emissions	630,869
	2. Carbon footprint	Carbon footprint	275
	3. GHG intensity of investee companies	GHG intensity of investee companies	752
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.26%
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	5% 39%

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.49%
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.23%
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.27
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.27
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	68%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.2%
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	29%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	57%
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	140,237
		2. Weighted average percentage of water recycled and reused by investee companies	116
Anti-corruption and anti-bribery	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	0
			0

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric ¹	Impact 2022	Impact [year n-1]	Explanation ²	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	51,110	Not applicable	Coverage ³ – 94%	<u>Actions taken in 2022</u> Active Stewardship 1. Engagement addressing Climate-related risks: In the year under review, Climate was one of Impax's top-down thematic engagement
		Scope 2 GHG emissions	25,136	Not applicable	Coverage – 94%	
		Scope 3 GHG emissions	551,701	Not applicable	Coverage – 97%	
		Total GHG emissions	630,869	Not applicable	Coverage – 97%	
	2. Carbon footprint	Carbon footprint	275	Not applicable	Coverage – 97%	
3. GHG intensity of investee companies	GHG intensity of investee companies	752	Not applicable	Coverage – 95%		

¹ Please refer to the 'unit and Annex I formulas' section in our SFDR periodic disclosures available on our website ([Impax Asset Management - Specialists in the Transition to a more Sustainable Economy \(impaxam.com\)](https://www.impaxam.com))

² A discussion of the year-on-year performance comparison will feature in this column. However, since this is Impax's first year of completing the Principal Adverse Impact Statement, there are no comparators. As such, we used the Explanation column to disclose data coverage and provide further detail on PAI assessments where deemed necessary.

³Coverage refers to the portion of investee companies which are covered by Sustainalytics' data, which includes estimates.

	<p>4. Exposure to companies active in the fossil fuel sector</p>	<p>Share of investments in companies active in the fossil fuel sector</p>	<p>0.26%*</p>	<p>Not applicable</p>	<p>Coverage - 97%</p> <p>*Information on the investee companies which as per Sustainalytics data have caused this percentage are as follows:</p> <p>Partners Group (Asset Management & Custody Banks, Switzerland) Impax Global Equity Opportunities Fund (“IGEO”) and Impax Listed Infrastructure Fund (“ILIF”) Partners Group is an asset management business that invests across three core themes: digitisation & automation, new living & decarbonisation, and sustainability – areas that are well-aligned with the Investment Manager’s sustainable infrastructure taxonomy. Current estimates indicate between \$3 and \$8 trillion will need</p>	<p>priorities: engaging investee companies on their management processes and transparency of climate risks (transition and physical). GHG emissions reduction, target setting and roadmaps in Net Zero transition alignment was a key focus, with special attention also to climate resilience and the disclosure of geo-location data of companies’ assets and facilities.</p> <p>Engagement examples: (Impax Environmental Markets (Ireland) Fund, (“IEMI”)) <u>Example 1:</u> Impax undertook discussions with investee company Cryoport, Resource Circularity & Efficiency (United States) regarding its lagging climate transition risk management. Over a number of engagements with the investee company, which began in 2021, Impax encouraged the company to collect GHG data, establish an emissions baseline and disclose to CDP. In 2022, the company made its first disclosure to CDP and publicly reported its GHG emissions in alignment with TCFD for the first time. Impax continues to engage with the company to set science-based reduction targets and to report on progress.</p> (Impax Environmental Leaders (Ireland) Fund, (“ IELI ”), and IGEO) <u>Example 2:</u> Impax undertook discussions with investee company Koninklijke DSM, Water Efficiency (Netherlands), regarding its GHG emission reduction targets and progress reporting towards Value Chain Net Zero by
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					<p>spending each year to drive the global economy towards net zero⁴; Partners Group is expected to have an important role in facilitating some of this capital allocation. Its private infrastructure and real estate investment themes closely match the Investment Manager's sustainable infrastructure strategy objectives.</p> <p>SSE (Renewable Energy Developers & IPPs, UK) (ILIF)</p> <p>SSE is made up of three main areas - electricity transmission & distribution, renewable electricity generation, and flexible thermal generation. It currently generates about 40% of electricity output from renewables but this is expected to increase in the coming</p>	<p>2050. This follows a long-standing engagement dialogue with the company since 2016, having seen continuous improvement in the company's ESG profile. As part of Impax's longer-term investee decarbonisation engagement, Impax participated in a coordinated campaign engaging with chemicals companies regarding net zero. This collaborative engagement asked the investee company about its plans to meet net zero - the investee company does have a science-based target in place that is "below 2C". The investee company confirmed this is an absolute target, and that the company is intending to 'upgrade' the target to a 1.5C SBT for Scopes 1 and 2 as soon as it has a roadmap in place. Furthermore, whilst the investee company reports Scope 3 emissions, the company does not yet have a Scope 3 target in place; respective work is underway, and is hoped to address upstream scope 3 emissions. Moreover, since 2019, business growth projects for this investee company must be GHG-neutral or else be compensated for. Management has also increased its internal carbon price per tonne from €50 to €100 to further guide its investments and operational decisions towards carbon neutral operations (net zero before 2050).</p> <p>(Impax Asian Environmental Markets (Ireland) Fund, ("IAEMI"))</p> <p><u>Example 3:</u> Impax undertook discussions with investee company Giant, Manufacturing, E-</p>
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⁴"Net zero" references mean net zero towards carbon dioxide emissions.

					<p>5 years as major offshore wind assets get commissioned. By 2030, it is expected to have doubled its renewables capacity and cut its Scope 1 emissions by 80%. Its transmission & distribution business, equally, is expected to be an important facilitator in the UK's plans to increase overall renewable capacity in its power grid.</p> <p>Canadian Pacific (Railways, Canada) (ILIF)</p> <p>Canadian Pacific Railway is a transcontinental railway operator; it provides freight and intermodal - special containers that can be used on rail and trucks - services over a network in Canada and the United States. Its main network serves major Canadian ports and cities from Montreal to Vancouver,</p>	<p>Bikes & Bicycles, (Taiwan), regarding its progress on Climate Transition Risk - GHG emissions management. This followed engagement with the company by Impax over a number of years; initially on overall ESG risk management processes and disclosures. More recent discussions have centered on the need for more detailed GHG emissions reporting, including submission to CDP Climate Change (achieved in 2022). Impax began engagement with the company in 2019 in order to discuss ESG risk management processes and disclosures. As part of Impax's thematic longer-term investee decarbonisation engagement, Impax continued engagement over time with a focus on emissions data and related reporting, as well as target setting. The company has since received ISO 14064 certificate for quantification of its Scope 1 and 2 emissions for data at two of its manufacturing facilities, and is also disclosing material environmental data on water and waste. In 2022 the investee company submitted its first response to CDP and plans to enhance ESG reporting further in 2023. Impax continues its dialogue with the company on setting science-based targets.</p> <p>Escalation, CDP Non-Disclosers Collaborative Engagement initiative:</p> <p>Impax views CDP's questionnaires as important sources of decision-useful and comparable climate data. Impax led engagement outreach with four companies in 2022 as part of the CDP non-disclosers' engagement initiative, to add a lever in the</p>
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					<p>and key centres in the Midwest and Northeast of the US. Canadian Pacific supports the transition to a low carbon economy as each tonne transported by rail lowers emissions by threequarters when compared to road and trucking alternative route options.</p> <p>National Grid (Smart & Efficient Grids, UK) (ILIF) National Grid is a regulated utility that focuses on the transmission and distribution of electricity and natural gas. It owns and operates the electricity transmission network in England and Wales, part of the gas transmission network in the UK, and electricity transmission networks in North-eastern US and Scotland. Its business balance has shifted markedly towards</p>	<p>engagement with Fund companies not reporting on carbon, water or forest risks. One Asian company, Indraprastha Gas Ltd, Cleaner Energy (India) (IAEMI and IEMI) responded to our outreach showing some initial interest and undertook an exploratory call with CDP. However, the company did not submit a CDP response in 2022. Impax continues to engage with the company on this issue as one of our net zero non-aligned company priorities.</p> <p>2. Proxy Voting: Impax enhanced its Proxy Voting Guidelines to more clearly outline how we vote in relation to companies that have weak climate risk management processes and disclosures. Proxy Voting Example: Impax identified Indraprastha Gas, Cleaner Energy (India) as a high GHG emitter, with weaker climate risk management processes and disclosures, which led to us voting against the Chair of the Audit committee at the company's AGM in September 2022.</p> <p>----- Source: Impax Asset Management. Portfolio holdings as at 31 December 2022. Sector descriptions for investee companies used in this document are unless otherwise stated the sector descriptions which Impax uses in its Environmental Markets classification system.</p> <p>ESG Enhanced ESG evaluation methodology: In 2022, we concluded an update and enhancement to Impax's proprietary ESG-analysis. The main change was linked to</p>
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					<p>electricity (70%) transmission and distribution, and away from gas (30%) in recent years - adapting to the challenges of the energy transition. As renewables gain generational share, National Grid's role as an important enabler in the low carbon transition in the US and the UK is expected to increase even further.</p> <p>ENN Energy Holdings (Solar Energy Generation Equipment, China) (IAEMI)</p> <p>ENN Energy is one of the largest clean energy distributors in China. The principal business of the Group is the investment in, and the construction, operation and management of gas pipeline infrastructure, vehicle and ship refueling stations and integrated energy</p>	<p>separating out "Climate" and "Human capital & E,D&I" into stand-alone pillars, reflecting the importance and systematic nature of these pillars for the analysis of all companies.</p> <p>Impax commitments & disclosures: In 2022, Impax published its first detailed Taskforce on Climate-related Financial Disclosures Report (TCFD) and submitted our targets for the Net Zero Asset Managers (NZAM) initiative, for which engagement and proxy voting will be important elements for achieving the targets set.</p> <p><u>Actions planned for 2023</u></p> <p>Active Stewardship</p> <p>1. Engagement & Proxy Voting</p> <p>To actively engage with our investee companies on both transition and physical climate risks, a thematic focus area of our engagements.</p> <p>- Net Zero transition alignment: Impax joined the Net Zero Asset Managers Initiative in October 2021 and made our Initial Target Disclosure in November 2022. Impax is committed to a target of 100% of the Net Zero committed AUM to be climate transition "aligned" and "aligning" by 2030. Engagement and stewardship are the primary approaches for achieving the target.</p> <p>Related 2023 action: "non-aligned" company engagement outreach, and proxy voting - climate risk oversight resides primarily with investee company board committees and directors responsible for risk and audit. For</p>
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					<p>projects, the sales and distribution of piped gas, LNG and other multi-energy products. The Group also conducts energy trading business and provides other services in relation to energy supply in China. Natural gas is an important transition fuel to replace coal in the Asian context. As a cleaner alternative to coal, natural gas addresses air pollution which is a significant issue from an environmental as well as human health perspective.</p> <p>Petronet LNG (Cleaner Energy, India) (IAEMI) Petronet is India's leading LNG distribution company operating re-gasification terminals and distribution networks, which combined account for 100% of revenues. There is an urgent</p>	<p>companies identified as not having taken meaningful steps to address climate risks with resilient and transition-aligned management processes and are transition “non-aligned”, Impax informed companies in Q1 2023 that it will vote against members of the audit committee (or best equivalent directors), from the 2024 proxy voting season onwards.</p> <p>CDP Non-Disclosers Collaborative Engagement initiative: Impax views CDP's questionnaires as important sources of decision-useful and comparable climate data. Related 2023 action: Impax again seeks to lead engagements with companies in 2023 as part of the CDP non-disclosers' engagement initiative, to add a lever in the engagement with our companies not reporting on carbon, water or forest risks.</p> <p>Physical Climate Risk: Together with a New York-based public plan, we sent letters to the companies in the S&P 500 in 2020, regarding their exposure to and preparedness for extreme climate events: floods, fires, droughts, severe storms, heat, sea level rise, and expansion of pests and diseases. Initially, we asked these companies to disclose the physical locations of their significant assets and used these engagements to encourage companies to start reporting their climate risks and opportunities aligned to the TCFD. In 2022, we chose to focus specifically on companies in the semiconductor industry. Semiconductor</p>
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					<p>need to replace heavily polluting fossil fuel heating and power generation, and natural gas is an important transitional cleaner energy source, providing a practical solution to air pollution challenges in countries where access to clean energy is currently challenging.</p> <p>Ecolab (Water Treatment, North America) (IGEO, IELI and IGEO)</p> <p>Ecolab is a global provider of water, hygiene, and infection prevention solutions for customers in food, healthcare, hospitality, industrial and oil and gas markets. Ecolab has strong alignment to the transition to a more sustainable economy through its products and services – the company produces specialty chemicals that result in water, energy, material and waste</p>	<p>production is very water-intensive and is very sensitive to the quality of its water supplies. Like many other industrial sectors, it is vulnerable to the impacts of heat and wildfire, which along with water scarcity and flooding can impact the reliability of the electric grid. We followed up with six semiconductor producers in the S&P 500 to discuss how the companies measured their exposure to physical risks, particularly those related to water (both droughts and floods), and what steps they are taking to increase their own resilience to these hazards. These engagements are ongoing into 2023.</p>
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					<p>savings in the treatment of water and hygiene protocol solutions. It is exposed to a range of broader sustainability themes including infection prevention, food safety, chemical safety (including applications in the petroleum industry), water-scarcity, and resource-scarcity.</p> <p>Intertek Group (Environmental Testing & Monitoring, North America) (IELI)</p> <p>The testing, inspection and certification business of Intertek Group is positively geared towards environmental exposure relating to air, water, dairy and soil pollution, likewise regarding the use of chemicals in many food and drink products. The company tests textiles, toys, petroleum, chemicals, electronics, building</p>	
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					<p>materials, and agricultural products. As legislation tightens, on human health and safety grounds; and environmental benefits, better testing and certification is required.</p>	
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	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	5% 39%	Not applicable	Coverage – 25% Coverage – 52%	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.49	Not applicable	Coverage – 64%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.23%	Not applicable	Coverage - 99%	<p><u>Actions taken in 2022</u> Active Stewardship</p> <p>1. Engagement - Disclosure of geo-location data of companies' assets and facilities: Biodiversity is a location-specific issue. Site-level geolocation data and regional exposure are not always easily available or disclosed by companies and issuers. This is a challenge in analysing nature-related risks today. Throughout 2022, we engaged with companies to achieve better disclosure of geo-location data and to assess the potential impacts at the specific locations of interest.</p>

						<p>Impax commitments & disclosures:</p> <p>- Finance Sector Deforestation Action (FSDA): Impax became a founding member of FSDA at its launch at COP26. Signatories to the FSDA have committed to best efforts to eliminate forest-risk agricultural commodity-driven deforestation activities at companies in our investment portfolios through individual and collective action to assess exposure to deforestation risk, establish investment policies addressing those risks, deepen engagement with highest risks holdings and engage on public policy necessary to avoid risks and impacts of deforestation. As part of our implementation of our commitments under FSDA during 2022, Impax developed and published our Impax Policy on Nature, Biodiversity, and Deforestation, worked with other signatories to engage priority companies and joined the Investor Policy Dialogue on Deforestation consumer countries workstream. In addition, during 2022 an Impax member joined the FSDA Investor Strategic Working Group which determines its strategic direction.</p>
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						<p>Actions planned for 2023</p> <p>Active Stewardship</p> <p>1. Engagement</p> <ul style="list-style-type: none"> - Biodiversity & Nature was added as a top-down thematic engagement priority for 2023. Focus on corporate biodiversity dependencies and the (negative) impact on nature, mitigation processes and best practices, and deforestation. - Disclosure of geo-location data of companies' assets and facilities: continued engagement with companies to achieve better disclosure of geo-location data and to assess the potential impacts at the specific locations of interest. - Value-chain: nature-related risks are also deeply entrenched in the value chain. Through engagement we are seeking to address not just dependencies and impact of our investee companies' direct operations but also further upstream in the supply chain which is complicated by limited visibility / mapping of value chains beyond tier-1 suppliers.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.27	Not applicable	Coverage – 6%	<p>Actions taken in 2022</p> <p>Active Stewardship</p> <p>1. Engagement</p> <p>Bottom-up company specific monitoring and dialogue: As part of our on-going, proprietary company and issuer-level ESG analysis, we identify company-specific ESG matters and risks and actively engage with companies and issuers regarding these matters, as part of monitoring and managing risks.</p>

						<p>- Water pollution: In March 2022, Impax engaged with Severn Trent, Water Utilities (Europe) (ILIF) to understand the company's "Get River Positive" pledges that had come about as a result of the negative press on the sector regarding its combined sewer overflows. The engagement also focused on understanding the environmental performance metrics in management compensation, which we are monitoring closely.</p> <p><u>Actions planned for 2023</u> Active Stewardship</p> <p>1. Engagement Bottom-up company specific monitoring and dialogue: we prioritise engagement for investee companies, where we have identified material risk issues and have larger positions. In addition to risk management, bottom-up company specific engagement is also intended to enhance company value and improve the structures, processes and disclosures of investee companies. We assess regularly the progress of company-specific engagements and determine the next priorities in our engagement work.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.27	Not applicable	Coverage - 47%	<p><u>Actions taken in 2022</u> Active Stewardship</p> <p>1. Engagement Bottom-up company specific monitoring and dialogue: as part of our on-going, proprietary company and issuer-level ESG analysis, we identify company-specific ESG matters and</p>

						<p>risks and actively engage with companies and issuers regarding these matters, as part of monitoring and managing risks.</p> <p>- Hazardous Waste - Community relations: In November 2022, Impax engaged with Clean Harbors Inc, Hazardous Waste Management (North America) (IEMI) collaboratively together with a client. The company was facing allegations of open-air pollution and hazardous emissions at the company's Colfax, Louisiana facility, with concerns of possible negative health impacts by local community members. The Impax Investment team and client were reassured by the open dialogue with the company on this matter and the actions put in place at this facility. There were two main outcomes: I) clarification and acceleration of regulatory recertification processes for the site and facility and II) enhanced efforts to engage with local communities to raise awareness and explain the processes on-site with improved local community relations.</p> <p><u>Actions planned for 2023</u> Active Stewardship</p> <p>1. Engagement Bottom-up company specific monitoring and dialogue: we prioritise engagement for investee companies, where we have identified material risk issues and have larger positions. In addition to risk management, bottom-up company specific engagement is also intended to enhance company value and improve the structures, processes and disclosures of investee companies. We assess regularly the</p>
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						progress of company-specific engagements and determine the next priorities in our engagement work.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	Not applicable	Coverage - 99%	<p>Actions taken in 2022</p> <p>Active Stewardship</p> <p>1. Engagement addressing social/human capital/ ED&I-related risks:</p> <p>In the year under review, Human capital management and E,D&I related issues were one of Impax's top-down thematic engagement priorities: engaging investee companies on the diversity (inclusive of gender, race & ethnicity) of senior management teams, boards and workforce and the policies, processes and programs that create pathways for diverse talent to advance and support an include workplace. Specific attention in this work strand was also paid to employee health and wellness related concerns and human capital management in the context of labor constraints and cost of living pressures.</p> <p>Engagement examples:</p> <p>ILIF, IAEMI and IEMI</p> <p><u>Example 1:</u> Following multiple years of engagement with investee company Xinyi Solar, Solar Energy Generation Equipment, (Hong Kong), and votes against management proposals regarding the topic of board</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	68%	Not applicable	Coverage - 89%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.2%	Not applicable	Coverage - 2%	
	13. Board gender	Average ratio of female to	29%	Not applicable	Coverage - 97%	

	diversity	male board members in investee companies, expressed as a percentage of all board members				diversity, a milestone was achieved in 2022 with the first female director appointed to the Board. After several years of engagement to raise the awareness of the benefits of improved board diversity, and communicating Impax's proxy voting guidelines - which guide to vote against members of the Nominations Committee if there are no women on the board of the relevant emerging market investee company - the investee company appointed its first female director in 2022.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	Not applicable	Coverage - 99%	<p>IELI</p> <p><u>Example 2:</u> Impax has engaged with investee company Mettler-Toledo International, Food Safety & Packaging, (North America), via proxy voting on low board gender diversity. The investee company has adopted a formal D&I policy introducing D&I goals via management and board representation targets, and has proposed adding a third female director to its board. In line with Impax's firmwide proxy voting guidelines, Impax voted against members of the nominating committee at the investee company's AGM in spring 2022 due to the low gender diversity of the board of directors (<30% women). Impax contacted the investee company to explain its voting rationale and to open a dialogue on the issue, and received a detailed response to Impax's concerns. The investee company informed Impax that it had adopted a formal D&I policy in 2022, introducing the following goals for both management and the board: aspiration to have 30% women on the board; achievement of 30% of women in Group Management;</p>

						<p>achievement of same percentage of women in management roles across the company as total women employees. In early 2023, the investee company nominated a third female director to the board, which Impax supported at the company's May 2023 AGM, taking company board gender diversity to 38% (meeting the outlined investee company target above), which represents a positive step. Impax continues to engage the investee company on improving diversity at all levels of the organisation.</p> <p>IGEO</p> <p><u>Example 3:</u> Following progress made by investee company Aptiv, Automotive Parts & Equipment, (North America), on ED&I oversight and accountability, Impax has engaged on diversity data and targets for its global workforce and on increasing board gender diversity. Impax has engaged with the investee company since 2019 on issues of equity, diversity and inclusion (ED&I), amongst broader ESG topics. Initially, Impax's engagements focused on understanding the company's oversight of ED&I within the organisation and its approach; accountability for progress on ED&I sits with the board. Impax's dialogue has continued over the last couple of years to better understand the diversity of the investee company's large global workforce (over 180,000 employees). The investee company has made significant strides in collecting baseline diversity data, initially for its US workforce and increasingly gaining a global picture. 2025 targets have</p>
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						<p>been set across pay equity, gender diversity globally and for racial diversity in the US. The investee company published its first EEO-1 disclosure in 2021 (including disclosure on women in management, in the workforce, and split by ethnicity and race for the US workforce). In addition to improving baseline data and disclosure, the investee company started multiple diversity-related programs including targeted mentoring, pay equity analysis, pay gap reporting, unconscious bias training, leadership development and mentoring programmes specifically for women (in 2022, 49% women in the global workforce, 22% women in management). Impax has also engaged the investee company on increasing board gender diversity to better reflect that of its workforce. The investee company appointed an additional female director in 2021, taking female directors to 25%. While this percentage also increased in 2022, this was due to two directors leaving the board, and there is now an opportunity for the board to consider additional diverse candidates.</p> <p>2. Proxy Voting</p> <p>Impax enhanced its Proxy Voting Guidelines to more clearly outline how we vote in relation to diversity. Towards the end of 2022, Impax expanded our voting guideline on board ethnic and racial diversity, which previously applied only to US companies, to include the UK and Canada. Impax also clarified our guideline to vote against the chair of the nominations committee at US, UK and Canadian companies that do not provide adequate information upon</p>
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						<p>which to determine the gender, racial and ethnic composition of their boards.</p> <p>Proxy Voting Example:</p> <p>IEMI Board gender diversity - In 2022, Impax supported a shareholder proposal seeking a board diversity report at Badger Meter, Water Efficiency, (United States). 24. 7% of shareholders supported the proposal and we supported a similar proposal in 2021. In 2022, the company appointed two diverse directors to the board, improving board diversity to 33% gender diversity and 22% racial/ethnic diversity (from 22% and 11%, respectively).</p> <p>-----</p> <p>Source: Impax Asset Management. Portfolio holdings as at 31 December 2022. Sector descriptions for investee companies used in this document are unless otherwise stated the sector descriptions which Impax uses in its Environmental Markets classification system.</p> <p>ESG Enhanced ESG evaluation methodology: in 2022, we concluded an update and enhancement to Impax’s proprietary ESG-analysis. The main change was linked to separating out “Climate” and “Human capital & E,D&I” into stand-alone pillars, reflecting the importance and systematic nature of these pillars for the analysis of all companies.</p> <p>Global Standards Screening - UNGC/OECD 'watchlist':</p>
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						<p>In the period under review, 2 investee companies flagged as 'watchlist' regarding the UN Global Compact and OECD Guidelines for Multinational Enterprises:</p> <p>-The Investment Manager engaged with an investee company in the Renewable Electricity sector (IEMI) which has been flagged as being on the 'watchlist' for UN Global Compact and OECD Guidelines relating to corruption & bribery (source: Sustainalytics, as at 31 December 2022).</p> <p>The investee company was flagged under both UN Global Compact Principle 10 (Businesses should work against corruption in all its forms, including extortion and bribery), as well as Chapter VII of the OECD Guidelines for Multinational Enterprises (Combating Bribery, Bribe Solicitation, and Extortion). The flagging of this company relates to a probe beginning in 2017. The CEO of the renewable energy company as well as the CEO of its parent company were investigated for corrupt practices. The two individuals were ordered to step down in 2020, with an interim CEO appointed to the investee company. The engagement with the investee company discussed the ongoing judicial process regarding the former directors, now no longer associated with the company.</p> <p>- The Investment Manager engaged with an investee company in the Life Sciences Tools & Services sector (IGEO) which has been flagged as being on the 'watchlist' for UN Global Compact and OECD Guidelines relating to human rights related concerns. Source:</p>
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						<p>Sustainalytics, as at 31 December 2022. The investee company was flagged under both UN Global Compact Principle 2 (Businesses should make sure that they are not complicit in human rights abuses) and Chapter IV of the OECD Guidelines for Multinational Enterprises (Human Rights). Impax engaged with the company following allegations that its equipment had been used in connection with genetic (DNA) testing by the Chinese government. The investee company has now strengthened governance and tendering processes.</p> <p>Impax commitments & disclosures: In 2022, Impax published its first standalone Equity, Diversity & Inclusion Report.</p> <p><u>Actions planned for 2023</u> Active Stewardship</p> <p>1. Engagement & Proxy Voting - Board diversity, Japan: Impax has been engaging with Japanese companies regarding gender diversity on Japanese company boards for many years. In the reporting period, Impax signed an Asian Corporate Governance Association (ACGA) coordinated gender diversity letter to the Japanese Financial Standards Authority (FSA) and the Tokyo Stock Exchange (TSE) to promote improved female representation on Japanese company boards, an example of a systematic engagement. The letter was later submitted by the FSA to the Japanese State Council. In April 2023, the</p>
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						<p>Japanese prime minister announced that the boards of all companies listed on the TSE Prime market (around 1,800 of the largest companies in Japan) should have 30% female directors by 2030, a major step forward. Related 2023 action: Engagement outreach to all Japanese investee companies with less than 30% female directors.</p> <p>- Board diversity, Global: as per Impax's Proxy Voting Guidelines, Impax seeks gender representation on the board of directors of its investee companies of a minimum of three or 30% women - where this minimum is not met, in developed markets Impax votes against members of the Nominations Committee (or best equivalent director/s). In cases of zero gender representation on the board, Impax votes against the full slate of directors in developed markets, and votes against members of the Nominations Committee (or best equivalent director/s) in Emerging Markets. Related 2023 action: Engagement outreach to all investee companies with less than 3 or 30% female directors (Developed Markets) and no women on the board (Emerging Markets).</p> <p>- Post-Covid inflationary environment, cost of living crisis - engagement planned for 2023: in order to understand how companies are managing on-going challenges following on from the pandemic, engagement work will focus on the cost-of-living crisis and understanding how companies, especially in sectors with lower income-level staff, are supporting employees, in the current environment of persistent high-levels of</p>
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						<p>inflation.</p> <p>- Post-Covid employee health and wellness - collaborative engagement planned for 2023: Impax has joined a collaborative engagement initiative, coordinated by the CCLA, to better understand how companies are managing employee health & wellness, with a focus on workplace mental health. The initiative seeks to assess whether company policies and initiatives address evolving employee needs—such as access to paid time off, flexible work, and access to emotional wellbeing support including mental health resources. Company engagements will be undertaken in 2023 and include several IGEO holdings.</p>
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Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Environmental	15. GHG intensity	GHG intensity of investee countries	Not applicable	Not applicable	Not applicable	Not applicable
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Not applicable	Not applicable	Not applicable	Not applicable

Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Not applicable	Not applicable	Not applicable	Not applicable
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Not applicable	Not applicable	Not applicable	Not applicable

Other indicators for principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	57%	Not applicable	Coverage - 96%	Please see the response to PAIs 1 to 6 above.
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies**	140, 237	Not applicable	Coverage - 94% ** Water consumed represents water withdrawal in this instance as an explicit water consumption metric is not available	Please see the response to PAI 8 above.

		2. Weighted average percentage of water recycled and reused by investee companies***	116		Coverage - 12% ***This indicator has not been calculated using a numerator / denominator percentage	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Anti-corruption and anti-bribery	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies	0 0	Not applicable	Coverage - 99% Coverage - 99%	Please see the response to PAIs 10 to 14 above.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Methodology to identify and prioritize principal adverse impact

As part of its investment process, Impax considers PAIs on sustainability factors by identifying, assessing, and managing risks of investee companies on environmental, social and employee matters, respect for human rights, and anti-bribery & corruption matters. Impax employs a proprietary ESG analysis which aims to identify the quality of governance structures, the most material environmental and/or social adverse impacts for a company or issuer, and assesses how well these adverse impacts are addressed and managed. Impax views ESG integration and methodology as continuously evolving and assesses how these add value in the investment process, as well as taking into consideration emerging issues and risks that are material for its investee companies.

The following illustrates how it is intended that PAI exposure is managed, once identified and assessed, taking into account each of the applicable mandatory and voluntary PAIs listed above.

1. All companies and other issuers must meet financial and ESG criteria before entering Impax's list of investable companies. When all the data is gathered, an ESG report is written and a proprietary aggregate ESG score assigned. The highest rated will be those assessed as managing the risks identified as part of the ESG analysis most effectively. The lowest rated will be assessed as not managing ESG risks to a standard acceptable enough to warrant investment and will be excluded from eligibility for investment. Companies/issuers managing such risks at a lower, but still acceptable, standard (classified as "fair") will be subject to a weighting cap within the portfolio for risk management purposes. Impax does not seek to exclude a certain number or percentage of companies or issuers, but rather seeks an absolute level of ESG quality based on Impax's proprietary ESG methodology and scoring system.
2. Bottom-up company-specific engagement: As part of Impax's ongoing, proprietary company and issuer-level fundamental ESG analysis, it identifies company and issuer-specific matters and adverse impacts and actively engages with companies and issuers about these matters. For the bottom-up, company specific engagements, the objective is typically

to solve or improve the issue that has been identified as part of ESG analysis and when that objective has been achieved, move to the next objective or pause the engagement.

3. Top-down strategic engagement: Every year Impax assesses and outlines the engagement priorities for the next 12 months. These priorities are based on market developments and emerging sustainability issues that are considered relevant and material for companies and issuers. Impax then identifies the companies and issuers which it considers are most exposed to these topics and focuses its engagement on specific companies and issuers. For the strategic engagement areas, Impax sets up specific steps as objectives that it seeks to reach with the engagements. The strategic engagement areas have analysts assigned as leads for each of the areas of engagement.
4. Where Impax identifies unmanaged adverse impact, and its usual management approach to engagement fails to produce positive outcomes, its Escalation Policy takes hold. If Impax considers the investee company or issuer is unresponsive to engagement or unwilling to consider alternative options posing less significant risks to shareholders, Impax will escalate the dialogue by:
 - a. Seeking alternative or more senior contacts within the company or issuer
 - b. Intervening or engaging together with other shareholders
 - c. Intervening or engaging together with other institutions or organisations (multistakeholder)
 - d. Highlighting the issue and/or joint engagements regarding the issue through institutional platforms and/or
 - e. Filing or co-filing resolutions at General Meetings.

If interventions are unsuccessful and Impax considers that the adverse impact and risks profile of the company has significantly deteriorated or company strategy/governance structures have altered because of an incident, to a degree where the return outlook and the company's strategy and quality no longer meet expectations, the company would be excluded from the investable universe and/or sold.

Identifying principal adverse impact

This section should be read in conjunction with section "*Methodology to identify and prioritize principal adverse impact*" above. Impax identifies PAIs using a combination of company analysis, sustainability analysis, with a materiality approach and at times examining the types of issues that Non-Governmental Organisations (NGOs) and think tanks are focused on, as well as analysis of planned and forthcoming legislation and policy. Impax seeks robust policies, processes, management systems and incentives as well as adequate disclosure (as applicable), and assesses any past controversies identified.

Impax's process for identifying and considering PAIs varies depending on the PAI indicator in question. For a number of indicators companies are tiered and assessed based on certain data: for example, for PAI 13 (Board Gender Diversity), companies' performance is tiered between those with state of the art processes, performance and reporting on a PAI versus companies with lagging management processes, performance and reporting. The results of this assessment and assessments against other PAI indicators contribute to an aggregate ESG score for the investee company as described above. Companies with lagging ESG and PAI indicators will be prioritised for engagement.

By way of another example, for PAI 10 (Violation of UN global compact principles & OECD guidelines for Multinational Enterprises), Impax screens investments against adherence to global standards such as the UN Global Compact principles and OECD Guidelines for Multinational Enterprises. An external research provider is used to support this screening activity. A company found to be in breach of these international norms and standards is excluded from the investable universe and divested. Where a company is flagged for potential breaches, Impax will monitor and seek to engage, as appropriate.

Prioritizing principal adverse impact

The starting point of Impax's prioritization of mitigating PAIs is Impax's ESG analysis and scoring as set out above.

Security-level PAI indicator performance data in conjunction with sector averages as comparator is available in Impax's central data platform. The stock's relative performance is considered as part of the ESG analysis which is conducted pre investment (as part of the process for investable universe inclusion) and throughout the investment cycle.

There are five pillars (corporate governance, material environmental, social and other risks, climate, human capital/E,D&I, and controversies) which are each scored based on tiering of performance, management and disclosures. Each of the five pillars, including sub-pillars, have guidance documents describing what represents best practice from first tier down to the lowest tier. The pillar weights are adjusted where relevant for materiality. Impax uses its proprietary Impax Sustainability Lens to assess the risks, opportunities and alignment of different sectors and activities across the economy, to the transition to a more sustainable economy. The “Lens” works as a materiality map in our ESG analysis and can also inform which PAIs are most material for a specific company. Materiality analysis is an important element in prioritising risks and PAIs in the ESG evaluations. Based on the five pillar scores, companies are assigned an overall score: Excellent, Good, Average, Fair and Exclude. The Impax ESG scoring system is “absolute” (not a sector best-in-class approach) and is intended to enable a comparison of company ESG quality across countries, sectors and company sizes, among others.

For all Funds, Impax aims to build more resilient portfolios for investors by managing risks, including climate-related risks.

Governance

The Investment Manager’s Sustainability & Stewardship team is responsible for the oversight, peer-review and scoring of the ESG analysis (into which the PAI processes has been integrated), coordination of focus areas of engagement and further development of ESG, sustainability and stewardship approaches and methodologies.

ESG and stewardship is a standing agenda item for Investment Committee meetings, including updates on KPIs such as ESG analysis conducted, possible issues identified in company analysis, engagement projects and outcomes. Regular updates from Investment Committee meetings are provided to the Executive Committee and the Board.

The Sustainability Policy Committee oversees, reviews, and approves Impax’s investment-related ESG, sustainability and stewardship-related policies and positions. It convenes as required and reports significant policy developments to the Investment Committee.

Additional oversight comes from the Compliance team, which conducts monitoring of the investment process, with investment risk oversight.

Policies related to PAIs on sustainability factors were approved by the governing body in November 2022.

Data sources

For its ESG analysis, into which PAIs on sustainability indicators have been taken into account, Impax uses a variety of data sources. For example, Impax analyses company and issuer disclosures and reports, and uses external ESG-research as an input and support in the analysis. Relevant information comes directly from investee companies, companies’ various disclosures (including annual and sustainability reports, 10-K filings, websites and proxy statements) or via direct contact and discussions with company management.

Impax reviews external ESG research providers periodically, to understand any changes to research methodologies, and to understand their priority areas of research. To seek to ensure data quality, Impax provides companies periodically with guidance and feedback on ESG data, and stewardship (via engagement and policy advocacy).

With respect to external input, PAI indicator calculations are carried out based on Sustainalytics data.

Externally sourced data in some cases results from assumptions and estimates. Data providers develop their own sourcing processes, treatment of missing data, research methodologies and interpretation of requirements. As such reporting and data quality (with respect to PAIs and with respect to other reporting) can vary across different providers and data sets. Reporting companies are at various stages of sophistication in their ability to report on ESG-related data and different regions and jurisdictions will have different regulatory reporting requirements for companies, and accordingly, getting complete and accurate data can sometimes be challenging. As discussed above Impax has developed its own internally generated proprietary methodology for analysing and scoring companies and can also engage with companies to obtain information and data. Impax can also estimate key performance indicators where there is

robust academic or industry data. This seeks to reduce the effect of data limitations. In addition, ahead of the appointment of a third-party data provider, Impax conducts due diligence on the provider and considers factors such as the quality of service offering, any material gaps in the product or service coverage, complexity of the product/service and ease of use, and cost. Nevertheless, data challenges and limitations remain.

Periodic reviews of the available products on the market are performed with a view to using the best quality data available.

Given the data challenges as discussed above, Impax is not currently able to quantify the margin of error associated with its methodologies.

Engagement policies

Please refer to the Engagement Policy available on our website ([link](#))

Impax aims to invest in companies that are well-aligned in the transition to a more sustainable economy. Impax is an active shareholder with a longer-term investment horizon. Our objective is to build long-term relationships with investee companies. The Impax investment process is focused on a comprehensive understanding of the character and quality of our companies and issuers, including material ESG issues as well as areas of potential improvement. We believe it is in the interest of Fund investors that we engage with investee companies and issuers, to seek to minimise risks, protect and enhance shareholder value, promote greater transparency on ESG issues, and encourage companies and issuers to develop and become more resilient over time.

Our stewardship and engagement work can be divided into the following types:

1. Bottom-up company specific monitoring and dialogue

As part of our on-going, proprietary company and issuer-level ESG analysis, we identify company- and issuer-specific matters and risks and actively engage with companies and issuers regarding these matters, as part of monitoring and managing risks. We prioritise engagement for investee companies where we have identified more significant risk issues and have larger positions. In addition to risk management, bottom-up company specific engagement is also intended to enhance company value and improve the structures, processes and disclosures of investee companies.

2. Top-down thematic engagement priorities

Every year we assess and outline the engagement priorities for the next 12 months. These priorities are based on market developments and emerging ESG and sustainability issues that are relevant and material for our companies and issuers. The current areas of priority are climate (transition risks and physical climate risk), biodiversity and nature, corporate governance, human capital and equity, and diversity and inclusion (E,D&I).

3. Proxy voting driven engagements

Our proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration, but we also express our views on diversity, climate and sustainability management and reporting. When practicable, we seek to engage with the investee company before voting against management's recommendation on an AGM resolution. We are also in dialogue with companies throughout the year to discuss and comment on proposed governance structures, sustainability, climate and diversity issues by companies well ahead of AGMs. We can also initiate or support shareholder proposals at annual shareholder meetings to encourage greater corporate transparency around a company's most significant environmental or social risks based on its sector and activities. In recent years, we have filed or co-filed shareholder proposals at

companies on issues relating to physical climate risk, board diversity, pay equity and racial justice.

Engagement is designed to allow Impax's investment team to:

- Manage risks by proactively identifying and mitigating issues
- Understand a company's character better, which lends insight to its quality and resilience
- Strengthen companies over time by improving quality, processes, transparency, and resilience.

All portfolio managers and analysts are involved in engagement activities and Impax's Investment Committee has a standing "ESG and Engagement" agenda item to inform and discuss engagement issues across the investment teams.

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 with or without a lead or coordination from expert organisations. Collaborative engagements are conducted across several ESG issues, specific sectors and companies and can be prioritised where outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated. Some engagements are also combined with engagement or advocacy with standard-setters, regulators or policymakers, "systematic engagement", to seek to remove structural bottlenecks preventing companies from moving to better sustainability processes or reporting.

Engagement is relevant for the PAI indicators mentioned above. Engagement policies will be kept under review including with respect to their effectiveness in reducing the principal adverse impacts identified.

Escalation approach

Where material concerns or anomalies at an investee company are identified, Impax will intervene to mitigate risks and preserve shareholder value. The investee company management team is immediately contacted and, where possible, members of the company board.

If the investee company is unresponsive to engagement or unwilling to consider alternative, less options posing less significant risks to shareholders, Impax will escalate the dialogue by:

- Seeking alternative or more senior contacts within the company
- Intervening or engaging together with other shareholders
- Intervening or engaging together with other institutions or organisations (multi-stakeholder)
- Highlighting the issue and/or joint engaging regarding the issue through institutional platforms and/or
- Filing or co-filing resolutions at General Meetings.

If interventions are unsuccessful and Impax considers that the risk profile of the company has significantly deteriorated or company strategy/governance structures have altered because of an incident, to a degree where the return outlook and the company's strategy and quality no longer meet expectations, the company would be excluded from the investable universe and/or sold.

Impax seeks to follow up on previous engagements after six months to one year, depending on the nature of the issue and situational context (e.g., reporting cycles). While some engagements may be one-off, as investee companies' ESG processes mature over time, engagement series often continue over years.

References to international standards

As noted above, Impax is committed to intentionally avoiding investment in activities and companies that do not adhere to international norms and conventions. Impax uses a Global Standards Screening which assesses companies' impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and

standards. The underlying research provides assessments covering the OECD Guidelines for Multinational Enterprises and the UN's Global Compact Principles, as well as International Labour Organization's (ILO) Conventions, and the UN Guiding Principles on Business and Human Rights (UNGPs). A company found to be in breach of these international norms and standards is excluded from the investable universe and divested. Where a company is flagged for potential breaches, it is placed on a "watch list" and Impax monitors and seeks to engage, as appropriate. Impax also has a policy and process in place to seek to identify cases of modern slavery.

UN's Global Compact Principles

- PAI 10: UNGC OECD breaches
- PAI 11: UNGC OECD policies
- PAI 14: Controversial weapons
- PAI 17: Anti-corruption & anti-bribery law violations

OECD Guidelines for Multinational Enterprises

- PAI 10: UNGC OECD breaches
- PAI 11: UNGC OECD policies

UN Guiding Principles on Business and Human Rights (UNGPs)

- PAI 10: UNGC OECD breaches
- PAI 11: UNGC OECD policies

International Labour Organization's (ILO) Conventions

- PAI 10: UNGC OECD breaches

Convention on Cluster Munitions, Ottawa Convention, Nuclear Non-proliferation Treaty, Biological Weapons Convention

- PAI 14: Controversial weapons.

Controversial weapons

With respect to UNGCP, OECD, ILO and Human Rights standards and relating to PAIs 10, 11, 14, 17, Impax defines controversial weapons as weapons having indiscriminate effects and causing undue harm and injuries. Certain controversial weapons, namely cluster munitions, antipersonnel mines, chemical and biological weapons and nuclear weapons are regulated by international conventions. Impax aims to exclude all companies with any involvement in controversial weapons from investment.

With respect to net zero scenarios used to set our net zero target, Impax's approach follows the PAI Net Zero Investment Framework and is influenced by the SBTi Portfolio Coverage Approach.

As part of Impax's climate risk analysis and impact measurement, we use the Intergovernmental Panel on Climate Change (IPCC) 1.5- and 2.0-degree scenarios, to assess the global level of emissions reduction required to limit warming to 1.5- or 2.0-degrees by 2030. We also analyse companies' earnings impact from future carbon pricing, using a 2050 net zero temperature scenario by the Network for Greening the Financial System (NGFS).

For details concerning the methodology and data used to measure alignment, please refer to the "Methodology to identify and prioritize principal adverse impact" and "Data Sources" sections.

Historical comparison

The earliest historical comparison will be provided in June 2024.

The indicators calculated in this statement have been calculated taking into account the methodologies and definitions set out in the applicable section of Annex I of SFDR RTS 2022/1288 using the average of portfolio weightings as at each quarter end for the reference period and collecting Sustainalytics data as at 31 December 2022. Cash is excluded.

The source for engagements set out in this statement is Impax Asset Management, reflecting holdings as at 31 December 2022.

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Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies

	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
	14. Natural species and protected areas	1.Share of investments in investee companies whose operations affect threatened species 2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas
	15. Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in sovereigns and supranationals		
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter

Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations
Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average

		2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies

Indicators applicable to investments in sovereigns and supranationals

Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column