

Impax's Approach to Human Rights

October 2025

This document describes our approach to identifying, assessing and managing human rights-related risks in our investments. It outlines the objectives for our engagement with investee companies and issuers and our approach to addressing these aspects through advocacy. We expect companies and issuers to address human rights-related risks in their operations and supply chains. Our expectations are directed at all companies and issuers in our portfolios. We encourage higher standards and collaboration with other investors through industry initiatives and collaborative working groups with the aim of helping companies to improve their management of human rights risks.

This document reaffirms our dedication to transparency, accountability, and continuous improvement in identifying, preventing, and addressing human rights risks related to our investments.

INTEGRATING HUMAN RIGHTS-RELATED RISKS INTO OUR INVESTMENT PROCESS

As long-term investors, we believe that respect for human rights is fundamental to sustainable value creation and resilient economies. Our approach is grounded in the belief that businesses have a responsibility to uphold the dignity, equality, and rights of individuals across their value chains. We recognise that human rights violations pose material financial risks in investments, including losses from regulatory fines, legal liabilities, operational disruptions, damaged business relationships, and reputational harm. Guided by international human rights standards and informed by our commitments under the Modern Slavery Act, we embed human rights considerations into our investment decisions, stewardship activities, and advocacy work.

Listed Equity

Identifying and Assessing Human Rights-Related Risks

Norms-based screening

Compliance with international standards and norms is an investment requirement. Global standards screening assesses the extent to which a company causes, contributes or is linked to violations of international norms and standards. This assessment covers the **UN's Global Compact (UNGC) Principles** (including Principles 1 and 2: Human rights), as well as the **OECD Guidelines for Multinational Enterprises** (including Chapter IV: Human Rights), the **International Labour Organization's (ILO) Conventions** (Eight Fundamental Conventions, Core Human Rights at Work) and the **UN Guiding Principles on Business and Human Rights (UNGPs)**.

We source information about company compliance with international standards and norms and involvement in related controversies from external research providers. If Impax determines a company is not compliant with international standards and norms, it will be excluded from the investable universe. Where a company is flagged for potential breaches, Impax will monitor and seek to engage, as appropriate. We also generally seek to review our company universe for compliance with international sanctions, as applicable.

Breaches of international humanitarian law in conflict zones

In order to address the recent coverage limitations of external research providers' norms-based screening related to human rights issues in conflict regions, we have developed additional checks to uphold and align with the UNGPs detailed below:

- We supplement norms-based screening data by leveraging Bloomberg's EQS (Equity Screening) tool in combination with conflict region data from the Council on Foreign Relations' **Global Conflict Tracker**¹.
- Furthermore, as enhanced due diligence, we layer this monitoring (identifying geographic revenue exposure) with additional risk-based assessment and engagement, considering the UNGPs, to flag potential breaches of international humanitarian law in conflict zones.

This two-pronged approach allows us to: identify companies with revenue exposure to conflict zones; flag potential breaches of international humanitarian law; and maintain alignment with the UNGPs, even where external research providers' norms-based screening falls short.

Managing Human Rights-Related Risks in the Investment Process

Impax manages sustainability-related risks in its investments in listed equities, including human rights-related risks, through its proprietary sustainable investment approach, which integrates sustainability considerations throughout the investment process by way of (1) Investment Universe Formation, (2) Corporate Resilience (CR) analysis, and (3) Stewardship activities.

Investment Universe Formation

Impax invests in environmental and social solutions and companies that are well positioned to benefit from the transition to a more sustainable economy. Investment universes are built through Impax's proprietary thematic taxonomies including the "Social Opportunities" classification system, as well as the assessment of investments through the "Impax Sustainability Lens" (Lens). The Lens enables the prioritization of investment in activities that have high opportunities and low risks in the transition to a more sustainable economy. Impax is committed to investment in sustainable activities and avoiding activities and companies that do not adhere to international norms and conventions.

Corporate Resilience (CR) analysis

Impax's proprietary CR analysis is an integral part of the Impax investment process at the company level, which enables a deeper and broader understanding of investee companies, their corporate structures, oversight mechanisms, and risk management capabilities, processes, and transparency. All companies must meet financial and CR criteria before entering Impax's list of investable companies. The investment team members are responsible for integrating CR analysis into the investment process for actively managed listed equities.

In our active strategies, Impax seeks to understand the character of companies through CR analysis, and the insights gained are then used to establish the priorities for engagement. The analysis is based on a double materiality approach, focusing on corporate governance structures, the most material environmental and social risks for a company, management of systemic risks (such as Climate and Human Capital), and any controversies that a company has faced. Upon completion of a CR analysis, a proprietary CR score is assigned.

As part of the CR evaluation process, Impax monitors companies' performance on the SFDR Principal Adverse Impact (PAI) indicators, especially for those strategies subject to SFDR. Materiality and substantive underperformance on PAI indicators (mandatory indicators 10 and 11

¹ <https://www.cfr.org/global-conflict-tracker>

relate to UNGC & OECD compliance, including Human Rights) relative to respective sector averages are flagged in the “Portal”, Impax’s research and data platform.

Controversies related to *Human Rights Concerns*: cases linked to allegations of infringement of internationally recognized human rights as outlined in the International Bill of Human Rights. Topics covered under this indicator include, for example, allegations of complicity in killings, physical abuse, displacement or other rights violations, as well as complicity with such actions by governments or other parties. When there are controversies, depending on the severity, we will seek to engage with the company to determine the scope of the controversy and any response to it. If the company is unwilling to respond or the controversy is severe, then escalation will be applied.

Systematic strategies

Impax Systematic Corporate Resilience (` ISCR `) Score: The ISCR Score is a proprietary quantitative score measuring companies’ exposure to and management of financially material sustainability risks relevant to their peer group and region. The ISCR Score is used in the investment universe construction and portfolio optimization steps of the investment process of Impax’s Systematic Strategies. The ISCR Score incorporates third-party metrics on companies’ exposure to and management of human rights issues. The relative importance of these metrics is assessed at the peer group level based on a combination of sector expert and quantitative analysis.

Stewardship

Bottom-up Company-Specific Engagement

As part of our ongoing, proprietary CR analysis, we identify company-specific matters and risks and actively engage with companies about these. We engage with our investee companies on their human rights risk management approach and involvement in human rights related controversies. We utilise external thematic guidance and benchmarks (like WBA Corporate Human Rights Benchmark) to prioritise companies for engagement on their human rights policies, disclosures and overall risk management approach.

Top-Down Thematic Engagement

Every year, we assess and outline thematic engagement priorities. These priorities are based on market developments and emerging sustainability issues that are relevant and material for our companies and issuers. Human rights due diligence is a key focus within Impax’s *People* theme.

Our human rights-related **engagement asks** of our investee companies include:

1. having robust governance structures in place to oversee human rights-related risks;
2. conducting human rights due diligence in operations and the supply chain;
3. engaging with indigenous people, local communities, and other relevant stakeholders, integrating the TNFD’s LEAP approach into human rights risk considerations².

Collaborative Engagement

Collaborative engagements and joint representations with other institutions and investors are an important part of Impax’s stewardship work. We initiate collaborative engagements where the engagement and outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated.

² In alignment with the recommendations by the Taskforce for Nature-related Financial Disclosures (TNFD), Impax recognises the importance of our investments respecting the rights of Indigenous Peoples and Local Communities (IPLCs).

Investor Alliance for Human Rights (IAHR): Impax has been a member of the initiative since 2023. IAHR facilitates collaborative engagements with some of the lowest scoring companies in the Corporate Human Rights Benchmark (CHRB).

Investors Against Slavery & Trafficking (IAST) Asia Pacific: Impax joined in 2024. Established in 2020, the initiative engages with companies in the APAC region to promote effective action in finding, fixing and preventing modern slavery in their operations and supply chains.

Proxy Voting

Where major environmental, social or governance failures (including material human rights-related controversies) have occurred but have not been sufficiently addressed by an investee company, we will vote against the Chair of the Board and the Chair of the relevant Committee.

Fixed Income

Identifying and Assessing Human Rights-Related Risks

The fixed income investment universe is screened for adherence to global norms in the same way as listed equities, as part of Impax's Fixed Income Sustainability Framework. We also generally seek to review our issuer universe for compliance with international sanctions, as applicable. These screens are monitored with the help of third-party data and internal screening, checks and controls, and are implemented as part of pre-trade compliance processes.

Managing Human Rights-Related Risks in the Investment Process

Investment Universe Formation

Impax uses a proprietary Fixed Income Sustainability Tier System. This classification system uses proprietary inputs, including the Impax Sustainability Lens, to help categorise each fixed income sector (activity) into one of five tiers based on alignment with the transition to a more sustainable economy (TSE), with a focus on sustainability risks.

Fixed Income Issuer Resilience analysis (IRA)

Impax has developed a proprietary Fixed Income analytical methodology, IRA, to identify material environmental, social and governance issues that have the potential to affect credit quality, with an emphasis on risk management, company ownership structures and internal control functions. The key sustainability indicators (KSIs) and scoring framework used in this research and analysis are important components of Impax's proprietary and repeatable fixed income investment process.

Controversies related to *Human Rights Concerns*: Please see description under Listed Equity CR analysis. When there are controversies, depending on the severity, we may seek to engage with the issuer to determine the scope of the controversy and any response to it. If the issuer is unwilling to respond or the controversy is severe, then escalation will be applied.

Issuer Engagement

Engagement is an important tool in monitoring and managing risk, and for influencing, encouraging and supporting investee companies and issuers to develop enhanced structures, processes and disclosures. There are similar drivers for engagement sourcing and prioritisation in fixed income, as for equities, i.e. engagements can be bottom-up, company and issuer-specific, top-down, based on themes, collaborative with other investors and/or organisations as well as systematic, where Impax combines policy advocacy and issuer-specific engagements.

Fixed income-specific engagement priorities:

- Company-specific risks (from the Impax proprietary FI IR analysis, especially those with weaker ratings)

- Sector-specific risks - Tier 4 issuers (hard to transition sectors), for example issuers in the Metals & Mining sector.

Credit analysts at Impax are responsible for the integration of fundamental credit and IR analysis and related issuer engagement. Impax views the integration of financial, sustainability and IR analysis as critical for the effective inclusion of sustainability risks in the company valuations and in the investment process. Members of Impax's Sustainability Centre provide insights and advice to the credit analysts, as well as oversight of investment-related sustainability risks and characteristics of issuers and portfolios through the Fixed Income Risk Committee (FIRC).

Private Markets

Impax is one of the longest-established private market managers in the large and rapidly growing renewable energy sector. The New Energy strategy invests in renewable energy projects and adjacent sectors, taking a value-add approach, predominately focused on European investment opportunities.

Identifying and Assessing Human Rights-Related Risks

Impax's Private Markets investments are expected to comply with internationally recognised standards, including the International Bill of Human Rights, ILO's core conventions, UNGPs and the OECD Guidelines. Compliance is assessed during initial due diligence, with additional policies and procedures implemented at closing or post-closing to ensure alignment.

A risk-based approach is applied across all third-party relationships, with a focus on working with top-tier suppliers. Particular attention is given to high-risk sectors such as construction, where modern slavery risks are elevated. Impax's vendor due diligence process requires enhanced documentation from higher risk suppliers, to assess and mitigate these risks. Contracts include clauses aligned with regulatory requirements, and portfolio companies conduct regular site visits and health and safety reviews to monitor compliance.

Where portfolio companies include employees, Impax's framework HR policy serves as a minimum standard which is adopted by the company's Board of Directors. These companies are expected to ensure that their activities do not violate or harm human rights. This responsibility to respect human rights applies not only to their own operations but also to their business relationships, including suppliers and other stakeholders.

Managing Human Rights-Related Risks in the Investment Process

Human rights risks are assessed throughout the investment lifecycle, from pre-investment due diligence to post-acquisition oversight.

Due Diligence and Transaction Structuring

Human rights risk management is embedded in Impax's due diligence process prior to investment. This includes:

- Engagement with sellers and joint venture partners to identify and mitigate risks.
- Contractual safeguards, such as clauses prohibiting modern slavery and violations of human and labour rights.
- Application of the exclusion list to screen out high-risk entities.

Post-Acquisition Oversight

For Private Markets investments, typically involving majority stakes or control rights, Impax actively manages human rights risks post-acquisition.

This includes:

- Establishing or enhancing policies and procedures on human and labour rights.
- Conducting post-investment annual checks.
- Implementing reporting and escalation mechanisms to address incidents or violations. PAI indicators are used to identify risks and are monitored annually.

Portfolio companies are expected to adopt and uphold Impax's framework HR policy, ensuring that their internal practices and external relationships respect human rights. This includes monitoring working conditions, labour rights, and supplier conduct.

Engagement Strategy

Impax's engagement on human rights operates at both the asset and firm level:

- **Bottom-Up Engagement:** When human rights risks are identified at the asset level, the investment team engages directly with portfolio companies to address specific issues, particularly in high-risk areas such as construction and supply chain management.
- **Top-Down Strategic Engagement:** Broader systemic issues, such as solar supply chain complexity, are addressed through strategic engagement initiatives directly with suppliers and multi-stakeholder initiatives.

Policy Advocacy

The principal purpose of Impax's policy advocacy work is to help address systemic risks and facilitate the systems-level change needed to realise opportunities arising from the transition to a more sustainable economy. As set out in our Stewardship and Advocacy Report 2025³, our priority areas for stewardship and advocacy remain climate, nature, people and governance. While human rights due diligence has been identified an area of focus for the People theme, it is closely linked to our Climate and Nature themes. We are currently active on human rights policy through the following channels:

Institutional Investors Group on Climate Change (IIGCC) Just Transition Working Group: Impax is supporting the integration of just transition guidance into the Net Zero Investment Framework (NZIF) through our participation in the IIGCC Just Transition working group. This work will address the ILO's view that a just transition is essential to achieving environmentally sustainable economies in a way that upholds human rights. This includes creating decent work opportunities, reducing inequality, respect for fundamental rights at work, and international labour standards.

Tropical Forests Forever Facility (TFFF): As part of its activities to tackle deforestation-risks, Impax has been helping to convene investor input into the development of the TFFF, a global initiative designed to provide long-term, performance-based financing for the conservation of tropical forests. The TFFF is placing Indigenous Peoples and Local Communities (IPLCs) at the heart of its forest conservation strategy, recognizing their critical role as stewards of tropical ecosystems, thereby embedding rights-based finance into the global climate architecture.

³ [Stewardship and Advocacy report 2025](#)

MONITORING & ENSURING COMPLIANCE

Monitoring

Listed Equity and Fixed Income

Impax continuously monitors the investable universe, using our external data providers and internal verification processes, and applies the appropriate screening, as described above. Where we identify unmanaged risk and our usual approach fails to produce positive outcomes, our **Escalation Policy** takes hold:

If an investee company or issuer is unresponsive to engagement or unwilling to consider alternative, less risky options, Impax will escalate the dialogue by:

- Seeking alternative or more senior contacts within the company or issuer
- Intervening or engaging together with other shareholders
- Intervening or engaging together with other institutions or organisations (multi-stakeholder)
- Highlighting the issue and/or joint engagements regarding the issue through institutional platforms
- 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.

Private Markets

Impax typically holds majority stakes or control rights in its New Energy Fund investments, which enables the firm to exert meaningful influence over portfolio companies. As an active manager, Impax closely monitors human rights-related risks and the impact of renewable energy projects within the portfolio, ensuring that these investments comply with the human rights approach detailed in this policy.

Governance of Human Rights-Related Investment Risks

The Impax Board of Directors sets the overall business strategy and risk appetite and has overall responsibility for overseeing the firm's investment standards and monitoring compliance, including on human rights-related risks. On a day-to-day basis, this responsibility is delegated to the Management Committee and the Senior Leadership Team and is monitored by the Compliance department.

Integration of material sustainability-related risks in our listed equity and fixed income investment process, including human rights-related risks, is overseen by the **Investment Committee (IC)**. Sustainability & Stewardship are standing agenda items at the monthly Investment Committee meeting. All new companies to be included in the active listed equities investable universe must be approved by the "A-list introduction meeting" and its appointed Chair on both financial and CR criteria.

Within Private Markets, our New Energy Funds also have investment committees. The respective investment committee meets when there is a new investment (or add-on investment such as a further acquisition into that investment or increased funding is required for, e.g. construction) or divestment. The Sustainable Investment Observer is responsible for raising any human rights risks identified. The **Private Markets Sustainability Subcommittee** oversees the coordination of sustainability and stewardship in the Impax New Energy Funds investment process.

Investment-related groups working on human rights risks:

- The **Sustainability Centre (SC)** is responsible for and manages Impax's sustainability work. There are regular SC meetings and working groups where human rights is the topic, linked to e.g. research, methodology development, stewardship and policy advocacy.
- The **Social Impact and Engagement Working Group** meets quarterly and includes members of our investment team and the Sustainability Centre, to improve the coordination of our internal and external activities in this area.

Further Important Information with respect to engagement and collaboration

Impax exercises its proxy voting rights and conducts its global stewardship activities on an independent basis on behalf and in the best interests of its clients, in accordance with Impax investment policies regarding good corporate governance applicable for all investee companies and not to foster a control transaction for any particular company. The application of these policies is predicated on the acquisition and ownership of securities in the ordinary course of business and were and are not acquired or held for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities, and such securities were and are not acquired in connection with or as a participant in any transaction having such purpose or effect.

Where Impax participates in collaborative engagement activities with other shareholders, it does so on an independent basis and in accordance with its own policies. The purpose of such collaborative engagements is to facilitate an independent and free exchange of ideas and views among shareholders that relate to seeking improvement of the long-term performance of investee companies and/or changes in investee company practices, without the purpose of acquiring, holding or disposing of securities to effect or influence a change of control in investee companies or as a participant in any transaction having such purpose or effect.

While Impax may consult with other market participants on certain engagement efforts, Impax unilaterally determines whether and to what extent to engage with other stakeholders and all of Impax's investment decisions are independent and based on its own, unilateral strategy for maximising return on investment.

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