

Impax Asset Management Engagement Policy

April 2024

This Engagement Policy (the “Policy”) is applicable to all investment management entities of the Impax Group, namely:

- Impax Asset Management Limited (“Ltd”),
- Impax Asset Management (AIFM) Ltd (“AIFM”),
- Impax Asset Management Ireland Ltd, and
- Impax Asset Management LLC;

all collectively defined as “Impax” or the “Firm”

Impax Asset Management invests in companies that we believe 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 environmental, social and governance (ESG) issues as well as areas of potential improvement. We believe it is in the interest of our investors that we engage with our investee companies and issuers, 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 ongoing, 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 thematic 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 risk and physical climate risk), nature, corporate governance, and people (human capital and equity, diversity and inclusion (E,D&I))*. Where possible, we use specific performance data related to the thematic engagement topics, as well as the overall ownership in the companies, as parameters for prioritising companies and issuers for thematic engagements. We engage with companies of all sizes, including larger companies with the aim of promoting best practices throughout an industry peer group.

While we assess our thematic engagement priorities annually, they are often of a long-term nature and do not necessarily change annually.

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, sustainability management and reporting and climate. When we have voted against a significant resolution for companies in our active equity strategies, we will reach out to the companies to explain our voting rationale and the enhancements we would like to see. We are also in dialogue

with companies throughout the year to discuss and comment on proposed governance structures and sustainability processes and disclosures by companies.

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. Previously, we have filed or co-filed shareholder proposals at companies on issues relating to physical climate risk, board diversity, pay equity and racial justice.

4. Systematic engagements

Impax has identified critical and often hard-to-engage areas, with barriers to progress. In an effort to remove these impediments, we use 'systematic engagement,' which combines company engagement and policy advocacy with the aim of shaping companies' practices through regulatory or policy change. These areas often cover topics that companies may prefer not to disclose and are not mandatory, such as geolocation data for strategic company assets, but investors need the information in order to fully understand companies' operations and risks.

ENGAGEMENT AS PART OF THE INVESTMENT PROCESS

ESG analysis and engagement are fully integrated in our investment process for listed equities and fixed income. Engagement is used both to mitigate risk and to enhance value and investment opportunities. The investment team is involved in monitoring our companies and issuers and we have policies in place on how to escalate issues, if and when concerns arise.

Engagement allows us to:

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

Engagements are conducted by the Impax investment team, as part of our regular meetings with company management teams, or through additional conference calls, meetings, email exchanges or as part of joint communications with the investment community.

In cases where engagements are not progressing as anticipated, we may utilise our **escalation** processes, which include seeking meetings with alternative contacts at investee companies, including board directors, seeking engagement together with other shareholders, industry organisations, standard-setters or regulators, as well as filing or co-filing shareholder resolutions.

Collaborative engagements may be prioritised where outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated. Collaborative engagements are conducted across a number of ESG issues and specific sectors and companies. Impax generally seeks to not participate in collaborative engagements that could be interpreted as investors acting in concert.

We will also consider **systematic engagements**, which may require or particularly benefit from simultaneous engagement with standard-setters, regulators or policy makers, in order to remove barriers or impediments preventing companies from developing more resilient processes and transparency.

The Impax Investment Committee meetings have a monthly standing agenda item "Sustainability and Stewardship", to continuously inform and discuss stewardship issues across the investment team. Members of the Sustainability Centre regularly attend Portfolio Review Meetings to discuss company-specific stewardship priorities and issues with lead analysts and portfolio managers.

We maintain an engagement database where the engagement issues, actions, timings, outcomes and current status are detailed. We review the database regularly and follow-up with companies on unresolved issues and next steps.

TOP-DOWN THEMATIC ENGAGEMENT PRIORITIES FOR 2024:

- Climate
 - Net Zero alignment, as per our NZAM commitment
 - Physical climate risks, with a focus on utilities
 - Special attention to disclosure of adaptation and resiliency measures

- Nature
 - Focus on corporate biodiversity and nature-related dependencies and impacts, mitigation processes and best practices

- People (Human Capital and Equity, Diversity & Inclusion (E,D&I))
 - Diversity (inclusive of gender, race & ethnicity) of senior management teams, boards and workforce
 - Policies and processes creating pathways for talent to advance and in support an inclusive workplace
 - Human capital management in the context of cost of living pressures and health and wellness
 - Human rights due diligence

- Corporate Governance
 - Global governance best practices
 - Focus on Asian companies

COMMUNICATING OUR ENGAGEMENT WORK

We have disclosed a detailed Stewardship Statement on our website, describing our approach to engagement, proxy voting, managing conflicts of interest and communicating our Stewardship:
<https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

We also publicly report on our engagement and proxy voting outcomes:
[Stewardship - Impax Asset Management \(impaxam.com\)](https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/)