

This report is currently under consideration by the FRC for “Code signatory-status” of the UK Stewardship Code. The outcome of FRC’s assessment will be known in September 2024, when the FRC has published the first list of approved Code signatories. Until then, this report and its contents should be considered as an “applicant for approved Code status”.

UK Stewardship Code Statement April 2024

This UK Stewardship Code statement is applicable to all regulated investment management entities of the Impax Group, namely:

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

which are all collectively defined as “Impax” or the “Firm”.

UK STEWARDSHIP CODE PRINCIPLES FOR ASSET OWNERS AND ASSET MANAGERS

Purpose and governance

1. Purpose, strategy and culture
2. Governance, resources and incentives
3. Conflicts of interest
4. Promoting well-functioning markets
5. Review and assurance

Investment approach

6. Client and beneficiary needs
7. Stewardship, investment and ESG integration
8. Monitoring managers and service providers

Engagement

9. Engagement
10. Collaboration
11. Escalation

Exercising rights and responsibilities

12. Exercising rights and responsibilities

Principle 1:

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Founded in 1998, Impax Asset Management ("Impax" or the "Firm") is a specialist asset manager focused on investing in the transition to a more sustainable global economy.

We believe that:

- Capital markets will be shaped profoundly by global sustainability challenges, particularly climate change, environmental pollution, natural resource constraints, demographic, and human capital issues such as diversity, inclusion, and gender equity.
- These trends will drive growth for well-positioned companies and create risks for those unable or unwilling to adapt.
- Fundamental analysis which incorporates long-term risks, including environmental, social and governance ("ESG") factors, enhances investment decisions.

Impax invests in companies and assets that are well positioned to benefit from the transition to a more sustainable global economy. Impax seeks to invest in higher quality companies with strong business models and governance, that demonstrate sound management of risk whilst being able to adapt intelligently to changing conditions.

Impax offers a well-rounded suite of investment solutions to global investors, spanning multiple asset classes seeking strong risk-adjusted returns over the medium to long term. Impax manages funds and accounts in four areas: actively managed long-only equities, systematic equities, fixed income and private markets strategies.

Impax's proposition to clients reflects the firm's investment beliefs:

- Over 25 years of experience in designing and investing in strategies aligned with the transition to a more sustainable economy. This experience is valued by clients seeking to understand a complex rapidly evolving marketplace.
- Impax has a multi-disciplinary investment team of individuals with diverse backgrounds. The firm's exclusive focus on investing in the transition to a sustainable economy has resulted in the attraction of a specialized and motivated group of employees. Analysts and portfolio managers who understand sustainability risks and opportunities are naturally minded towards incorporating ESG and stewardship aspects into company analysis and portfolio construction decisions.
- Taking a longer-term view of trends within the global economy, particularly in the area of sustainability, aligns Impax's investment strategies with the time horizons of clients and ultimate beneficiaries of our clients' savings products.
- Stewardship through active engagement and proxy voting are fully integrated into the investment process at Impax. A fundamental research approach exploring areas of relevance to management teams enables analysts to build a level of trust with companies enabling more effective stewardship over the long term.
- Impax also undertakes dedicated research to understand policy and legislative drivers related to the transition to a more sustainable economy and advocate on behalf of and alongside our clients in the development of new regulation in the area of sustainable finance.

AUM & Strategy:

Impax's culture derives from our mission of investing in the transition to a more sustainable economy. This informs our core values which are derived from the firm's investment beliefs.

Our Mission statement:

- To generate strong, risk-adjusted investment returns from opportunities arising from the transition to a more sustainable economy for clients with a medium to long-term horizon;
- To contribute to the development of a sustainable society, particularly by supporting or undertaking relevant research and engaging or collaborating with others; and
- To provide a stimulating, collaborative, and supportive workplace for our staff.

Our Values are:

- **Be the solution:** Impax's core focus and motivation is to offer solutions. It defines the investment approach Impax offers its clients, the contribution it makes to the broader global community and the attitude staff bring to work each day.
- **A passion for excellence:** Impax is passionate about its mission and its work. The Firm strives for excellence in everything it does. Impax's staff hold themselves to high standards and trust each other to share these aspirations and contribute to the results.
- **All voices valued:** Impax makes better decisions if it is diverse and inclusive. All voices are welcomed, and all voices are heard. Impax aspires to a dynamic culture that embraces change and inspires the evolution of new ideas.
- **Doing better together:** Impax believes it can do far more, far better, working together as a team. True collaboration means treating others as they would want to be treated. Impax's staff value and respect their colleagues, clients and partners, their families, and the wider community. Impax's staff are all interconnected and cannot hope to succeed alone.
- **Building a common future:** Impax has a responsibility to promote prosperity while protecting the planet. The Firm is committed to sustainable development, and to stewarding its environmental and societal impact for the benefit of current and future generations.

Impax is headquartered in London, United Kingdom and has offices in the United States, Hong Kong, Ireland and Japan. The firm has a collegial working culture, with an experienced team of c. 300 staff with diverse backgrounds, bringing together complementary skills and experience.

As of 31 March 2024, Impax's total assets under management and advice was £39.6 billion across active equities and fixed income strategies, systematic equities and private markets. All strategies are guided by proprietary Impax investment tools which translate the firm's belief in the transition to a more sustainable global economy into actionable investment ideas for portfolio managers, while also supporting the identification and analysis of material sustainability risks. All funds marketed into the EEA for which an Impax entity acts as the sponsor and management company, are classified as either Article 8 or 9 under the Sustainable Finance Disclosure regulation.

During 2023 we continued to expand our international footprint, strengthening our own direct distribution capabilities and consolidating our partner relationships. Highlights included expanding our distribution resources in Japan, Australia, the Nordics, Latin America, the US and Canada. New clients and subscriptions were directed particularly into our Core Sustainability Lens equities strategies; amid challenging market conditions, our thematic Environmental Markets strategies saw net outflows.

We continue to focus on providing an outstanding service to our clients. During the Period we engaged a third-party organisation to carry out our first client survey, with 90% of clients reporting a positive view of Impax. There were no material, product related complaints in the reporting period.

Strategic Priorities

- Deliver strong risk-adjusted investment returns
- Optimise existing strategies and selectively launch new strategies
- Widen & deepen distribution channels
- Strengthen relationships by partnering with clients
- Attract, retain & develop an outstanding team
- Increase operational scalability & efficiency
- Build insights & advocacy around transition to a more sustainable economy
- Deliver excellent financials & sustainable stakeholder value

Impax in the Community

Impax's Value of "Building a common future" recognises that we have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.

Impax supports a small number of strategic community partners which align to our mission as specialists in the transition to a more sustainable economy. These partners support issues related to the environment and social inclusion, with a particular focus on education and green skills.

We aim to donate 0.5% - 1% of our pre-tax profit to support our community partners and charitable activity. In our financial year 2023 we donated £504,933 to charitable causes (up from £287,382 in 2022). Impax's charitable partners include:

- **Ashden** is a London-based charity that champions applied, local energy solutions to reduce greenhouse gas emissions, protect the environment, combat poverty, and improve lives. Impax and Ashden have worked in partnership for a decade, with Impax sponsoring the Ashden Award for Climate Innovation in the UK. A team of Impax colleagues take part in the awards process each year, to help evaluate and judge award submissions, and provide ongoing mentoring and support to previous winners.
- **Ceres** is the leading US NGO addressing the world's greatest sustainability challenges through collaborations with leaders in business, government, and finance. Impax has partnered with Ceres for nearly a decade, providing programmatic support, grants, and in-kind assistance. This supports the team at Ceres in their research and analysis, and in ensuring their findings are heard by investment leaders and the public.
- Impax's support for **ClientEarth** is in its eighth year. A non-profit environmental law organisation, ClientEarth's team of lawyers fight the systems which restrict the planet's freedom, using the power of the law to create lasting impact and drive systematic change to protect the earth. They advise decision-makers on policy, train legal and judicial professionals and launch legal interventions.
- **Groundwork** is a federation of charities mobilising practical community action on poverty and the environment across the UK. Our partnership supports 10 disadvantaged young people into jobs in the green economy in Yorkshire through the Green Jobs Pathfinder, aiming to create accessible pathways into entry-level green roles, increase the diversity of people pursuing green careers, and help 'left-behind' places to thrive through a green economy.
- **Country Trust** is one of the UK leading educational charities. The Impax Food Discovery Programme helps give 460 children in 10 schools the opportunity to get hands on with the living world, to learn practical skills, and to begin to discover where our food comes from, and how food, and food production is connected to health and sustainability.
- **The Pax Scholarship Program** honours our Pax World Funds heritage by awarding annual scholarships to three New Hampshire-based educational and non-profit institutions promoting sustainable finance, advancing women and girls, and fostering global peace. The programme aims to serve young leaders from around the world.

As part of our focus on Equity Diversity & Inclusion, Impax has a close relationship with two organisations in the UK and the US: **Diversity Project** and **Toigo**. Impax joined Diversity Project as a member in June 2021. It is a cross-company membership organisation focused on improving the equality, diversity, and inclusion on the UK investment management industry through building a more inclusive culture. Chief Operating Officer Darren Johnson is a member of the #TalkAboutBlack workstream and movement, that looks to "address the chronic underrepresentation of Black

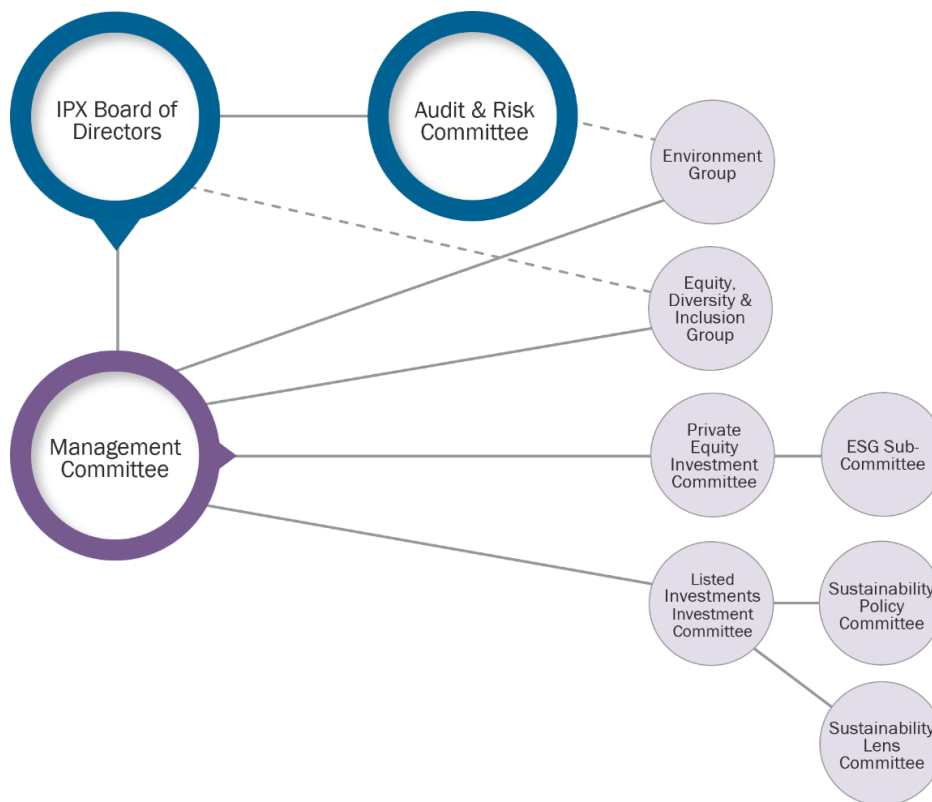
talent through building a sustainable pipeline of Black leaders in the asset management industry”. We entered a partnership with US-based non-profit Toigo in September 2022. Toigo aims to improve the diversity of the financial services industry by increasing leadership presence of individuals from underserved communities. We partner with Toigo through involvement in their career connections events, internship support services and talent support.

Principle 2:
Signatories’ governance, resources and incentives support stewardship

Impax’s investment strategies are focused on capturing the opportunities and mitigating the risks associated with the transition to a more sustainable economy. This approach to investing is at the core of Impax’s strategy.

During the period the Impax Sustainability Centre (SC) was established. The SC acts as a centre of excellence and provides services, tools and knowledge on investing in the Transition to a Sustainable Economy (TSE) to the firm and to our clients. The Sustainability Centre allows Impax to meet the growing expectations of clients, regulators and other stakeholders. The Sustainability Centre was formed in 2023 by combining Impax’s Sustainability & Stewardship and Policy & Advocacy teams.

The abridged governance chart illustrates the oversight of the key sustainability committees and groups that provide oversight functions for the Sustainability Centre and its activities.¹



The Board is responsible for governing and overseeing Impax’s strategy and providing an oversight, control and monitoring role of its operations and risks. In this function the Board also oversees investment and sustainability related risks and opportunities.

The Audit & Risk Committee (“ARC”), which is comprised of independent Non-Executive Directors of the Board, is responsible for the oversight of audit and risk management across Impax, including climate and sustainability risk

¹ Dotted line denotes observer role of the Chair of Audit & Risk Committee on Environment Group, and the Board observer role on the Equity, Diversity & Inclusion Group.

management, on behalf of the Board. ARC is supported by the Enterprise Risk Committee, which is responsible for oversight of risk management across each of the regulated entities.

A dedicated Non-Executive Director of the Board has “environment responsibility” and is Board Sponsor of the employee-led Environment Group, which provides input and advice to support decision making on Impax’s climate policies, performance and targets. Management and monitoring of climate-related risks and opportunities is the responsibility of Impax’s senior management team, which through the Management Committee and the Chief Executive reports to the Board and the Board Committees.

Equity, diversity and inclusion (“E,D&I”) is central to Impax’s philosophy, values and mission. The E,D&I Group is responsible for Impax’s strategy in this area and reports to the Board. It is sponsored by both an Executive and a Non-Executive Director of the Board. The E,D&I Group meets regularly to align on ideas, actions and progress, and to communicate feedback from colleagues. Impax’s has set and discloses its approach and goals in the [E,D&I Report](#).

The Compliance team conducts monitoring and controls of investment processes, and the Enterprise Risk team independently monitors risk management. The Product Governance and New Business Committee is responsible for ensuring that existing and new investment products adhere to client agreements as well as sustainable finance and investment regulations. These teams and committees have an oversight responsibility of sustainability and stewardship activities.

The Listed Investments Investment Committee oversees investment activities, performance, and risks, with a dedicated ESG and stewardship agenda item, including the reporting of, for example, key engagement projects and outcomes. The Listed investments’ Investment Committee is Chaired by the firm’s Co-CIOs who are Management Committee members. Regular updates are provided to the Management Committee and through to Impax’s Boards. Additionally, a Service Level Agreement (SLA) has been established to define the responsibilities and the roles of the work and collaboration between the Listed Investments team and the Sustainability Centre. The SLA and the effectiveness of its delivery are reviewed periodically by an appointed Steering Group, consisting of senior leaders and stakeholders of the two teams.

The Private Markets Investment Committee oversees investment activities, performance, and risks, with a dedicated non-voting ESG Observer and is chaired by the firm’s CEO.

The committees and groups dealing with sustainability, ESG and stewardship activities most directly are the “Impax Lens Committee”, the “Sustainability Policy Committee” and the “Private Markets ESG Sub-Committee”, as well as various working groups as part of the Sustainability Centre. The committees report key issues to the Investment Committees. The committees’ and group’s main activities are described below.

Impax Lens Committee (ILC)

All of Impax's investments and strategies are aligned with the transition to a more sustainable economy. The proprietary "Impax Sustainability Lens" identifies sustainability risks and opportunities across all economic activities and time horizons. Sub-sectors that have Low Sustainability Risks and High Sustainability Opportunities, are considered by Impax to be well-positioned to benefit from the transition to a more sustainable economy over a medium to long term horizon. These well-aligned areas of the economy are sought and prioritised for Impax's investments. The Sustainability Lens is a dynamic tool. The Impax Lens Committee convenes every quarter to assess emerging issues, risks and opportunities, and discuss the implications for the Lens scores of each sub-sector and the various economic activities. The ILC is chaired by Impax's co-CIO and the co-head of the Sustainability Centre. Through its "Sector Expert Group Reviews" and meetings, the ILC serves to shape how the firm views different activities, sectors, risks and opportunities, in identifying activities that are well-aligned to the transition to a sustainable economy. The outcomes and decisions from the ILC meeting are recorded internally and reported at the Investment Committee meeting to ensure all stakeholders, including portfolio managers, are informed. All ILC meetings are minuted and follow a set agenda, stated in its Terms of Reference.

Sustainability Policy Committee (SPC)

The SPC has been established to oversee, review, and approve Impax's ESG, sustainability and stewardship-related policies and positions. It convenes as required and has established a Terms of Reference. The committee reports significant policy developments to the Investment Committee.

ESG Sub-Committee - Private Markets (ESGSC)

The ESGSC meets every six months to discuss relevant topics, best practice, and new regulations. The ESGSC is responsible for governing the ESG Policy.

In order to ensure that there is sufficient focus and internal coordination to comply with the significant increase in sustainable finance client, regulatory and voluntary reporting requirements, Impax has a now well-established, firmwide working group, the “Beyond Financial Returns” group (BFR group). It consists of representatives from compliance, legal, client services, marketing, technology and data architecture, as well as the Sustainability Centre and PE/Infrastructure teams, to coordinate client, regulatory, and voluntary ESG, sustainability and stewardship-related reporting work.

Processes, resources and training

Processes:

Impax has developed an integrated approach to ESG-analysis and engagement for the active listed investments. The lead investment analysts are responsible for the financial and ESG analysis, as well as the related engagements of the investee companies under their coverage. The Sustainability Centre team is responsible for the oversight and for providing peer-reviewing and scoring of the ESG analysis, coordination of focus areas of engagement and continuous further development of the ESG, sustainability and stewardship approaches and methodologies, further described in Principle 7.

There is an on-going exchange of sustainability-related information to the investment team to keep abreast of new sustainability or stewardship developments. There are standing agenda items for ESG, engagement, and policy developments at regular investment team meetings and the Investment Committee meeting.

The private markets investment team at Impax invests in renewable energy infrastructure, such as wind and solar farm construction. This team has dedicated Head of Sustainability. ESG topics are standing items at the Private Equity/ Infrastructure (PE/ Infrastructure) team’s Investment Committee meetings and are considered and integrated by the investment and asset management teams. Twice per year the PE/ Infrastructure ESG sub-committee convenes to discuss current issues, such as resourcing, research and reporting. The PE/ Infrastructure team use an external system to collect ESG and impact data directly from its investee companies.

Impax is continuously assessing the effectiveness of sustainability, ESG and stewardship processes and procedures, both in terms of meeting internal and external requirements. As noted above, a “Service Level Agreement”, SLA has been established to define the responsibilities and the roles of the work and collaboration between the Listed Investment team and the Sustainability Centre. The SLA and the effectiveness of its delivery are reviewed periodically by an appointed Steering Group, consisting of senior leaders and stakeholders of the two teams.

Resources:

Impax has c. 80 investment team members globally and the Sustainability Centre (SC) has 18 members specialised in sustainability research, ESG analysis, stewardship, and policy research and advocacy, working across four pillars within the Sustainability Centre. The Sustainability Centre members are based in London, UK, in Portsmouth, New Hampshire and in Hong Kong. The team has a broad set of backgrounds including sustainability, policy, quantitative, academic and macroeconomic experience.

Impax has a Head of Stewardship, responsible for developing and implementing the stewardship strategy. The majority of the 18 members of the Sustainability Centre have stewardship responsibilities in their objectives, which include leading on engagement projects or themes, leading and coordinating engagement meetings, participating in the proxy voting process and reporting on stewardship. Importantly, the analysts in the Impax listed investment team are responsible for the engagements of the companies they are leading analyst on.

The Sustainability Centre team

The Sustainability Centre is a centre of excellence, providing services, knowledge, tools and expertise on investing in the transition to a more sustainable economy across the four pillars as outlined below:

- **Pillar 1 - Investment sustainability & stewardship**

Through this pillar, the SC provides leadership, advice and oversight of investment-related sustainability research, thematic and sustainable universe development, impact measurement, development of proprietary tools and methodologies, management of the fundamental and systematic ESG analysis and processes, and stewardship work including proxy voting and company-specific and thematic engagement, as well as policy insights for the investment process. The SC provides advice, coordination and peer review of ESG-analysis and

company-specific engagement which are fully integrated in Impax's investment process and owned by the lead analysts of the companies.

- **Pillar 2 – Advocacy & outreach**

The focus of this pillar is to support policy makers who are working to create enabling environments that will accelerate the transition to a sustainable economy. Impax is active across a range of channels, from traditional reactive approaches such as working through industry associations, responding to consultations, and participating in issue-specific initiatives and sign-on letters - to more innovative pro-active interventions such as publishing Impax's perspectives and commentaries, funding research, piloting new approaches, partnering with clients, and bilateral discussions with policy makers. Impax's efforts around "systematic stewardship" fall under this pillar. Systemic stewardship combines company thematic engagement and policy advocacy as levers for accelerated change, with a goal of improving value for shareholders.

- **Pillar 3 – Thought leadership**

Through this pillar, the SC delivers thought-leadership content that supports the investment process, as well as content produced for external audiences. The SC's thought leadership output provides Impax's house view on important and evolving topics, supports research partnerships with academia and clients, and provides Impax's firm-wide sustainability training and development.

- **Pillar 4 – Client advisory & reporting**

Under the fourth pillar, the SC advises on sustainability in Impax's product development, sustainable finance regulatory responses and reporting including the metrics and methodologies used for client, regulatory and voluntary sustainability reporting. The SC develops Impax's firm-wide sustainability policies and is responsible for providing sustainability expertise and insights to Impax's clients.

Impax uses external research and service providers as an input in the sustainability research and ESG analysis of listed investments, but has developed a proprietary methodology for analysing and scoring companies on ESG quality and does not rely on external research for ESG scores or ratings in our actively managed listed investments. However, external ESG scores are used as inputs to the investment process in some of our systematic equity strategies. In 2023, the reviews with research providers have mainly centred around the availability of data and the methodologies for the sustainable finance regulatory reporting requirements (e.g., SFDR and EU Green Taxonomy) and the methodologies for biodiversity research and data.

Both internal and external ESG and stewardship-data is stored in and accessed by the investment teams in Impax's proprietary data and research platform, called the "Portal".

There are 8 investment team members in the Private Equity/ Infrastructure team, supported by 9 members of the Asset Management team and a dedicated Head of Sustainability. Impax works with external advisers during the due diligence process to complete the proprietary methodology for analysing each investment from an ESG perspective, which is used to design a bespoke ESG strategy for each investment. The team uses an external service provider to gather ESG and impact data from its portfolios on an annual basis.

Training

In 2023, the Sustainability Centre developed and implemented an eight-module internal sustainability training program, covering areas such as company-level ESG-analysis, stewardship, policy advocacy, Net Zero and impact measurement. These training modules are available for all staff as recorded training modules on the Impax training and development platform.

The Sustainability Centre has an objective to further develop a sustainability training and development programme at Impax as part of its "Thought-leadership" pillar. This development work is currently under way.

Additionally, the Impax Human Resources' team has training and development programs linked to sustainability, especially as part of the induction program for new employees.

The PE/Infrastructure team offers employees in its investee companies training on ESG and sustainability topics and Impax's approach. This team has also received internal training on SFDR and EU Taxonomy in the investment process.

Incentive structures

The incentives of the senior management team and the members of the investment team are aligned to Impax's strategy of investments aligned with the transition to a more sustainable economy.

All employees at Impax, have "*Business / Functional Performance*" and "*Collaboration & Culture*" categories as part of their annual objectives and compensation. Remuneration for all staff is governed by the Remuneration Committee whose purpose is to ensure that employees are fairly rewarded for their individual contribution to the overall performance of the company and to their investment strategies, while ensuring that the remuneration packages provided do not promote undue risk taking.

All listed investment analysts and portfolio managers have three components to their remuneration: (1) performance; (2) stock/issuer analysis and coverage; and (3) collaboration and culture, including E,D&I. The second component explicitly references high-quality ESG analysis, sustainability-driven idea generation, and effective engagement work with investee companies. In doing so, analysts are measured and incentivized to carry out quality ESG research and integrate it into their investment research and decision-making.

Impax's Sustainability Centre is responsible for overseeing and providing consistency in the ESG-analysis and scoring methodology, coordinating and supporting company engagements and proxy voting, and providing ESG and sustainability thought leadership, both internally and externally. Remuneration for the members of the Sustainability Centre is determined by and grouped into:

- (1) Investment Sustainability & Stewardship
- (2) Advocacy & Outreach
- (3) Thought leadership
- (4) Client Advisory & Reporting
- (5) Internal work (team and firm-level collaboration, ED&I)

All Sustainability Centre team members have these five elements in their performance objectives, but with different weights depending on their focus within the team.

All members of the PE/Infrastructure team are responsible for integrating ESG through the investment lifecycle, from initial due diligence through to exit. Every member of the team has at least one outcome focused ESG objective as part of their annual performance goals. These goals are set annually and reviewed semi-annually.

Principle 3:

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Identification of conflicts

The Impax Board of Directors, in conjunction with Legal, Compliance and business unit heads, take responsibility for implementing systems and controls designed to prevent conflicts of interest. These are outlined in our Global Conflicts Register, which is updated as and when a new conflict is identified and reviewed overall on a periodic basis and at least annually, by both the Management Committee and the Board of Directors.

Impax is an international group of companies and, as such, these controls and the conflicts register take into account any circumstances which may give rise to a conflict of interest as a result of our structure or business activities in all operating jurisdictions.

Types of conflicts

When identifying conflicts of interest, our staff are trained to consider whether Impax:

- Is likely to make a financial gain, or avoid a loss, at the expense of a client (including the funds managed by the Firm and their investors);
- Has an interest in the outcome of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interests of one client or group of clients over another;

- Carries out the same business as the client; or
- Receives or will receive an inducement from a person other than the client in relation to services provided to the client in the form of monetary or non-monetary benefits or services.

Conflict prevention

Where a potential conflict is identified, Impax will seek to organise its business activities in a manner that prevents the crystallisation of the conflict. This will include the appropriate segregation of functions and business lines such that a level of independence may be achieved. To the extent appropriate to the size and scale of the business functions, this may involve:

- Information barriers to prevent or control the exchange of information between members of staff engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients;
- Functional independence and separate supervision of relevant members of staff whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict;
- A review of remuneration arrangements in the Firm where these might give rise to conflicts of interest in relation to the activities or services provided by the relevant members of staff;
- Reassignment of members of staff to prevent or control the simultaneous or sequential involvement of relevant members of staff in separate services or activities where such involvement may impair the proper management of conflicts of interest; or
- Policies and procedures covering inducements and personal account dealing.

However, it is accepted that, despite the implementation of all appropriate controls to prevent the occurrence, the complete avoidance of all conflicts may not be feasible in a commercial environment.

Outside business interests

Staff members are required to obtain prior approval from Compliance before engaging in any employment outside of their employment with Impax. Staff members are also required to obtain the prior approval of Compliance before taking an interest in any outside business organisation, and in particular before becoming a director, an officer or adviser to a company or any other entity whether or not it is a paid position. Personal interests must not affect the ability of a member of staff to make judgements or decisions in the best interests of Impax and its clients.

Conflict management

Where conflicts are unavoidable, Impax will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that the Group and its staff are not advantaged, and that no client is adversely affected. Our clients' best interests remain paramount.

Conflict disclosure

Where Impax is not reasonably confident that it is able to manage a particular conflict to adequately protect the interest of a client, the fact of/or sources of conflicts of interest will be clearly disclosed to the client before the Firm undertakes any business. In particular, the disclosure will detail:

- A specific description of the conflicts of interest;
- An explanation of the risks to the client that arise;
- That the organisational and administrative arrangements established by the Firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented; and

- Sufficient detail to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

This disclosure will only be made as a matter of last resort. Further, the fact of the disclosure is not considered to be a mitigant. All the controls detailed in Impax's policy will continue to be applied, in respect of that conflict.

The disclosure will be made via the Terms of Business or periodic reports.

Conflicts training

All staff receive training in respect of conflicts of interest. In addition, all staff are required to give a periodic undertaking confirming their understanding of the Group's compliance requirements, including disclosing any personal conflicts such as their personal trading activities, the receipt of gifts, benefits or entertainment and outside business interests.

Examples of potential conflicts of interest and how they are addressed

- **Varying client objectives and interests**

Different clients may have different expectations, objectives, and priorities regarding stewardship and Impax has a number of investors who are highly focused on stewardship issues and have very specific priorities. At the very outset of the client relationship, it is determined how closely the stewardship (proxy voting and engagement) priorities are aligned between the client and Impax. We have a number of clients who have retained their voting rights, in order to follow their own specific stewardship objectives². For all other clients, we adhere to our voting guidelines, utilising our ESG analysis and knowledge of the companies and the local and regional corporate governance best practices. Relating to engagement, we follow our policies and processes to identify, prioritise and implement engagement systematically and can at times be in collaboration with our investors. Impax strives to be as transparent as possible regarding our guidelines and the resulting voting and engagement activity. Our ESG, engagement and proxy voting guidelines are available publicly and posted on our website, as is our firm-level proxy voting activity and engagement outcomes. Reporting at the fund and account level is available to our clients at least annually, with some clients requiring this as frequently as quarterly. Some of our clients have invested with us through separate accounts where their own specific responsible investment objectives are followed and expressed, for instance through specific exclusions.
- **Impax's shareholder interests**

Impax is owned by individuals and financial institutions, each having their own investment, financial and stewardship objectives, which could create conflicts of interest. Impax's investment process and stewardship activities are conducted following set and publicly disclosed policies.
- **Impax's specific client interests**

Impax could be managing investments for, for example, the corporate pension fund of a company that is also owned in one or several of Impax's funds, which could create conflicts of interest. Impax's investment process and stewardship activities are conducted following set and publicly disclosed policies and removed from any influence of specific clients.
- **Impax's employee interests**

An Impax employee could own shares or have an interest in a company that is also owned in one or several of Impax's funds, which could create conflicts of interest. Impax has strict checks, controls and reporting regarding trading and ownership of companies and shares by Impax staff. Impax's investment process and stewardship activities are conducted following set policies and removed from any influence of any employee interests.
- **Impax's corporate investments and interests**

Impax does not hold any proprietary positions or conduct any proprietary trading but may make a seed investment into a new Impax fund. When this is the case the fund and the investment is treated like any other

² Clients representing approximately 20% of AUM, have retained their voting rights.

client and is subject to the same policies and procedures regarding stewardship that any other client funds would be.

- **Impax's inter-departmental interests**

The Impax investment departments outside of the Listed Equities business, such as its Private Equity department, may have ownership or an interest in a company that is an investee company in an Impax Listed Equities fund. There are formal information barrier structures in place between the Impax Listed and Private Equity departments and Impax's investment process and stewardship activities are conducted following set policies and removed from any influence of any inter-departmental interests.

No specific or concrete instances of conflict of interest were identified during the year. However, we are mindful that we have a small number of clients who have more complex or time-consuming implementation processes for proxy voting. We have worked on setting-up processes in the Glass Lewis voting platform to ensure that voting time and attention is not unduly directed to any individual clients.

In the 2021 UK Stewardship Code statement, we first mentioned the emerging discussions regarding better alignment on voting between asset managers and asset owners, especially in the UK market, with a potential for emerging conflicts of interest in stewardship, in the form of "client-led voting", "split-votes" or "client expressions of wish" in proxy voting. This could potentially lead to reduced influence from voting on the underlying companies, the very tenet of stewardship and active ownership, an important trade-off to consider. But additionally, investors' influence and "expressions of wish" in relation to Impax's voting intentions could also lead to potential conflicts of interest between Impax's clients. We view it as important that Impax votes clients' shares clearly, consistently and transparently, following our publicly disclosed [Proxy Voting Guidelines](#). We note that this topic and debate was less active in 2023, compared to a few years ago.

Another potential emerging area of external conflicts of interest that we have discussed internally and externally during the reporting period, are the various existing and planned regional sustainable finance regulations. In the EU SFDR, in the UK SDR and in the US, the draft regulations by the SEC. We are concerned about the potential lack of inter-operability of these regional regulations and how those could affect our clients differently in different countries, although they may be invested in the same Impax strategy. We have raised these concerns with regulators both directly and through consultations.

Each private markets fund has a Limited Partner Committee made up of a select number of investors who are notified when a conflict of interest in relation to a proposed transaction is identified. The Committee may provide comments to the fund's Investment Committee or in some cases, vote on whether they believe that the investment manager has sufficiently mitigated the conflict(s) in order to proceed with the transaction.

Principle 4:

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Impax collaborates with clients, partners and industry organisations to promote the transition to a more sustainable and inclusive economy. Engagement with companies and policy advocacy are important parts of this work. This section will primarily describe Impax's policy advocacy work, while sections 9-11 will describe the engagement efforts.

[Impax's approach to policy advocacy](#)

The principal purpose of Impax's policy advocacy is to support policy makers in the creation of enabling environments which will accelerate the transition to a sustainable economy. We are active across a range of channels ranging from traditional reactive approaches - working through industry associations, responding to consultations and participating in issue-specific initiatives and sign-on letters, to more innovative pro-active interventions such as publishing Impax's perspectives and commentaries, funding research, piloting new approaches, partnering with clients, and bilateral discussions with policy makers. The Glasgow Financial Alliance for Net Zero (GFANZ) selected Impax's approach to policy advocacy as a case study for inclusion in their [Recommendations and Guidance on Financial Institution Net-zero Transition Plans](#) published in November 2022.

Impax has created a new programme entitled Systematic Engagement, which brings together both company and policy engagement on issues that are key to the transition to a sustainable economy. More detail can be found about systematic engagement in Principles 9 and 10.

Impax plays an active role in a wide range of industry association working groups addressing market-wide and systemic risks. In addition to highlighting outcomes relating to specific themes in the case studies below, given the cross-cutting nature of many of these groups, we have summarised below the key groups to which we have contributed during this reporting period below (including those where we held leadership positions) for ease of reference:

- Ceres: working groups on Policy, Paris Aligned Investment, Valuing Water, Land Use and Climate, Accounting and Carbon Asset Risk
- Confederation of British Industry (CBI): Net Zero Committee (Chair), Net Zero Working Group, Sustainable Finance Working Group
- FAIRR: Policy Working Group
- Glasgow Financial Alliance for Net Zero (GFANZ): workstreams on Mainstream Transition Finance, Energy & Real Economy and Public Policy
- Institutional Investors Group on Climate Change (IIGCC): Policy Advisory Group, UK Policy Working Group (co-chair), EU Real Economy Working Group
- Principles for Responsible Investment (PRI): Global Policy Reference Group, PRI Spring, Sustainable Systems Investment Managers Reference Group
- UK Sustainable Investment and Finance Association (UKSIF): Policy Committee

Impax's global policy advocacy activities are led by Chris Dodwell, Global Head of Policy & Advocacy and co-Head of the Impax Sustainability Centre, who reports directly to Impax's CEO. During 2023, we expanded our resources working on policy team which includes five members of staff based in the UK, USA and Asia, with additional support from other colleagues in the Impax Sustainability Centre. In 2022, we established a new Global Policy Group (which includes our CEO, Chief Strategy Officer, Global Head of Sustainability & Stewardship and Head of Corporate Communications) to oversee the delivery of our global advocacy plan.

Advocacy activities during 2023

During 2023, whilst continuing to focus on our established priorities for our policy advocacy, we aligned the naming of them with the top-down themes used in corporate engagement (see sections 9-11). Our key advocacy activities and outcomes are summarised below under the following headers:

1. Climate
 - 1.1. Financing net-zero
 - 1.2. Physical climate risk and adaptation
 - 1.3. Sustainable reporting
2. Nature
3. People

1.1. Financing net zero

The core message of this workstream is that national governments need to adopt net-zero goals and ambitious Nationally Determined Contributions (NDCs), underpinned by sectoral pathways and dialogues with investors on detailed policies needed to attract private capital.

- **Energy Transitions Commission (ETC)**: The ETC is a global coalition of leaders from across the energy landscape committed to achieving net-zero emissions by mid-century. Impax's CEO, Ian Simm, has been an ETC Commissioner since 2020 and we regularly contribute to the development of their reports tackling different aspects of the transition to net zero. In March 2023, the ETC published a substantial report [Financing Net Zero: How to Make the Money Flow for a Net-zero Economy](#) to which Impax was a significant contributor. We welcomed the ETC's conclusion that the critical action to unleash investment at the pace and scale required is for governments to put in place well-designed real economy policies which: establish a clear strategic vision; address the green premium challenge; reduce downside risks; and remove supply-side bottlenecks. We also provided inputs into the ETC reports listed below: [Streamlining planning and permitting to accelerate wind and solar development](#); [Better, Faster, Cleaner: Securing clean energy technology supply chains](#); and Fossil Fuels in Transition: Committing to the phase-down of all fossil fuels.
- **UN Food & Agriculture Organization (FAO) net-zero roadmap**: Since 2021, Impax has supported work by FAIRR to encourage parties to the Paris Agreement to explicitly include measures and policies in the

Nationally Determined Contributions (NDCs) aimed at reducing emissions from the food and agriculture sectors. The key focus of this work has been FAIRR's engagement with the FAO to encourage them to develop a net-zero, nature-positive roadmap for the global food system, along the lines of the IEA's Net-zero Scenario, which Impax has actively supported. We were therefore delighted that the FAO published the first phase of this roadmap during COP28 in December 2023, alongside the agreement of the Emirates Declaration in which more than 150 countries committed to account for agriculture in their NDCs. We will continue to support FAIRR in its engagement with FAO on the more detailed elements of the roadmap during 2023.

- **UK Net Zero Council:** In early 2023, Impax's Chief Executive, Ian Simm, was invited to join the newly formed Net Zero Council co-chaired by Energy Minister, Graham Stuart, and Co-Op Group Chief Executive, Shirine Khoury-Haq. The Council is a partnership between government, business and finance, providing cross-cutting strategy across major business sectors to deliver the UK's net zero target. Since its inception in March 2023, it has met quarterly to review sectoral roadmaps developed by 12 industry sectors, to identify cross-cutting challenges and to explore solutions to financial barriers to scaled up action.
- **IIGCC EU Real Economy Working Group:** Impax has a strong interest in ensuring that European policymakers continue to set and implement ambitious and science-based climate policies, including those outlined as part of the EU Green Deal. In 2023, we were actively involved in the IIGCC's EU real economy workstreams. Through the IIGCC we met with Members of the European Parliament in Brussels to discuss our views on the EU's Energy Performance and Buildings Directive, which was under discussion at the time, and responded to consultations on the EU's heat pump strategy. We also contributed to the IIGCC's upcoming report on Investor Expectations of EU Sustainable Finance Policy, which is due to be published in 2024 and sets out recommendations on how the EU's sustainable finance regulation can help scale up capital in the net zero transition.

1.2 Physical climate risks and adaptation

In recognition of the need to increase action to manage the physical impacts of climate change, we decided in 2023 to report separately on our activities to engage policymakers and investors in this increasing area of focus. Key activities undertaken in 2023 included:

- **UK Climate Financial Risk Forum (CFRF) Adaptation Working Group:** During 2023, Impax was invited by the CFRF to co-chair with the Green Finance Institute a new Adaptation Working Group (AWG). The AWG has worked closely with the Met Office, Leeds and Oxford University to review best practices in measuring and monitoring physical climate risks by mapping asset-level data against good quality hazard data for the purposes of building out resilient business models in the private sector. It has developed use-cases for what good resilience looks like in various financial sub-sectors including banking, insurance, and asset management. The AWG has reviewed approaches to address gaps in physical risk data, incentivizing deals through better identification of risks and opportunities for adaptation and push for improved disclosures from the private sector and hopes to publish its initial conclusions in June 2024.
- **COP28 engagement on financing climate adaptation and resilience:** Following our engagement on this topic at COP27 (see 2023 Stewardship Code response), we participated in several events during COP28 in Dubai including:
 - Supporting the [Call for Collaboration](#) issued by IIGCC and other non-state actors on how governments and the private sector can work together to develop an enabling environment to mobilise private finance;
 - Participating in the UNFCCC 4th Public-Private Sector Climate Finance Dialogue with climate negotiators;
 - Speaking at the Marrakech Partnership Accelerating Systems Transformations event on actions by the energy sector to invest in climate resilience and adaptation;

- Participating in a Resilient Planet roundtable on common metrics, tools and frameworks for mobilising private finance for adaptation; and
- Participating in Resilience First/Resilience Rising/Centre for Climate and Energy Solutions roundtable on private sector strategies for financing resilience (which informed their report [Climate Resilience Pathways: Catalyzing private sector action](#) published in March 2024).

1.3 Climate-related financial reporting

The core aim of this workstream is to ensure that climate risks and opportunities are integrated into investment decisions including through effective implementation of the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and the disclosure of engagement and advocacy activities to accelerate the transition to a net-zero, climate-resilient economy. In recognition of the importance of encouraging a stronger response from investors and policymakers to address the physical impacts of climate change, we have reported separately on our activities in this area (see section 1.2 above).

- **Transition Plan Taskforce (TPT):** Impax is a strong supporter of the [Transition Plan Taskforce \(TPT\)](#)'s 'strategic and rounded' approach which recommends that a company's transition plan focuses not only on how to decarbonise its operations and value chain, but also how it will respond to climate-related risks and opportunities and accelerate the transition to a net-zero, climate-resilient economy. In 2023, the co-Head of the Impax Sustainability Centre, Chris Dodwell, co-chaired the working group developing the [TPT Asset Managers Sector Guidance](#), which was published in April 2024. The report tailored guidance for asset managers on how to prepare transition plans in line with the TPT's disclosure recommendations and provides links to a treasure trove of relevant third-party guidance. The AM guidance is intended to increase international regulatory alignment by implementing the TCFD, ISSB and CSRD frameworks and crucially incorporates expert inputs on how to start integrating adaptation, just transition and nature into transition plans.
- **Ceres Avoided Emissions project:** During 2023, Impax initiated a project with Ceres on Avoided Emissions. The project involves conducting a landscape analysis of existing methods for calculating avoided emissions, the merits of specific methodologies to specific situations and understanding how avoided emissions may fit into corporate transition plans and investor climate action plans. The final output will be a report in 2024.

2. Nature

We believe that the financial sector can play a critical role in addressing environmental degradation by both influencing companies to stop depleting natural resources and by deploying capital into nature-based solutions. During 2023, our advocacy activities in this area focused on the following:

- **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, Impax developed and published our [Approach to Nature, Biodiversity, and Deforestation](#), worked with other signatories to engage priority companies. In addition, Julie Gorte, Impax's Senior Vice President for Sustainable Investing, has joined the FSDA Investor Strategic Working Group which determines its strategic direction. In 2023, we worked with FSDA to refine and extend engagements, to discuss continuation of the initiative after 2025, and to scope a progress report.
- **Taskforce on Nature-related Financial Disclosures (TNFD):** Impax has been a strong supporter of the TNFD since its inception. We contributed to the work of the TNFD during the reporting period by: 1) pilot-testing the beta version of the TNFD Framework; 2) hosting an asset manager roundtable in May 2023 to exchange views on the Framework and inform consultation responses on its recommendations and 3) submitting our formal response to the consultation in June 2023. Following the launch of the final TNFD Recommendations launched in September 2023, Impax have endorsed them as an early adopter, committing to report on our own nature-related risks by 2025. We believe the recommendations play an essential role in aligning

financial flows to a nature positive transition, by providing a risk management and disclosure framework for organisations to report on nature-related dependencies, impacts, risks, and opportunities.

- **Imperial College case studies on Biodiversity Investing:** In recognition of the scale of underfunding in nature conservation and specifically the lack of private sector investment, in summer 2022 Impax decided to provide financial support to a research project by researchers from Imperial College London to identify the drivers for corporate investment into voluntary biodiversity actions and whether and how such actions could be scaled up. The results of the project were published in June 2023 in our report [Protecting biodiversity: incentives for corporate action](#). The report included case studies of corporate investment in adaptation from a diverse set of sectors – agriculture, cities, energy, water and insurance – together with lessons learned and recommendations for action by governments, businesses and academics.
- **Investor Policy Dialogue on Deforestation (IPDD):** Impax is an active member of the IPDD, an investor collaborative initiative that engages with public policymakers and industry associations on the issue of deforestation. We are particularly active in the Consumer Countries working group launched in 2023 which focuses on engagement with public institutions and industry associations in the countries that are the major consumers of commodities linked to deforestation and forest degradation, such as the United States, United Kingdom and the European Union. The working group is particularly focused on legislation requiring end-users of commodities to take action within their supply chains, such as the EU Deforestation Regulation and the UK Environment Act 2021.
- **PRI Spring:** Impax was an early signatory to the PRI's new Spring initiative, launched in late 2023. Spring's ambition is to halt and reverse global biodiversity loss by 2030 by addressing the systemic risks of biodiversity loss. Many of the costs of deforestation do not necessarily affect the companies or entities responsible for it, but biodiversity loss can have significant impacts on societies and economies at large, which are under the umbrella of systemic risk. In many places, deforestation is still legal, and it is up to governments, NGOs and private sector enterprises to establish requirements or common expectations for the protection of existing forest biodiversity. Spring aims to engage these organisations to urge goal setting for deforestation, due diligence systems, map risks, report on progress toward no-deforestation goals and to publicly commit to align political engagement activities with the missions of the Global Biodiversity Framework.
- **US Office of Management and Budget guidance on ecosystem services:** The US Office of Management and Budget requested comments on its proposed guidance for assessing changes in environmental and ecosystem services in cost-benefit analysis in 2023. Impax sent a comment letter to the agency in September 2023, commending the agency for developing the guidance and the thoroughness of the guidance itself. We suggested that the agency also convene an interagency taskforce among the environmental and resource management agencies to help develop specific guidance for other agencies that are not as accustomed to thinking through the environmental implications of their rulemaking and to expand the definition of the value of ecosystem services to include existence value.

3. People (including Equity, Diversity and Inclusion)

Impax continues to explore opportunities to use investor influence to push for positive social change, including ensuring that social issues are taken into consideration in the design of net-zero policies adopted by governments and corporates.

- **Financing a Just Transition Alliance (FJTA):** Impax has been a member of the FJTA coordinated by the Grantham Research Institute on Climate Change and Environment since its launch in 2018. During 2022, we participated via roundtables and written inputs in the development of the report [Making Transition Plans Just](#) published in October 2022 which provided guidance to financial institutions on how they can incorporate the social dimension of climate action within their net-zero transition plan. The Transition Plan Taskforce (TPT) launched a Just Transition working group to consider interdependencies with social impacts in more detail whose final report was published in April 2024 and whose conclusions were incorporated into the Asset Manager Sector Guidance co-chaired by Impax (see above for more details). The FJTA will be supported in future by the Just Transition Finance Lab launched in early 2024 and we look forward to be working with them on this important topic.
- **Board diversity, Japan:** Impax has been engaging with Japanese companies regarding gender diversity on Japanese company boards for many years. In 2022, 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. The letter was later submitted by the FSA to the Japanese State Council. In April 2023, the 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. In September 2023, on the anniversary of our co-signed letter to the FSA and TSE, Impax co-hosted a Diversity roundtable with ACGA in Tokyo. Over 70 Japanese companies, investors and regulators attended. The purpose of the Roundtable was to discuss practical ways for implementing deeper gender diversity in the management and boards of Japanese companies and achieving the 30% target set by the government for 2030. Speakers from the State Council, regulators, investors, corporates and NGOs joined the discussion.

Regulatory Developments

During 2023, we submitted the following responses to regulators on the development of regulation focused on regulation of sustainable finance including the following:

○ UK:

We submitted responses to the following regulatory consultations during 2023:

- Sustainable Disclosures Requirements and investment labels: we submitted response to the FCA's consultation paper in January 2023 and published a blog summarizing our position shortly afterwards (see [Sustainability disclosure regimes must be better aligned](#)).
- Finance for Positive Sustainable Change: Governance, incentives and competence in regulated firms (Discussion Paper 23/1)

○ EU:

- Sustainable Finance Disclosures Regulation (SFDR): During 2023 we submitted responses to the following consultations on the SFDR: in July 2023, the joint consultation by ESMA³ and other regulatory bodies on principle adverse indicators and PAI and financial product disclosures; and in December 2023, the European Commission's target consultation on the implementation of the SFDR.

○ US:

During 2023, we continued to engage with the Securities and Exchange Commission (SEC) in relation to our earlier comments on two proposed rules:

- Climate Change Disclosure rule: this rule would oblige companies to report certain information about climate risks, including emissions (Scopes 1, 2, and 3), physical risk and financial impacts of climate risks. We supported the rule and suggested a few changes to make it stronger, such as establishing certain reporting requirements for companies that use offsets. We also met with Chair Gensler and Commissioner Lee to discuss what we believed was most important for this rule prior to the proposed rule announcement, especially linked to physical climate risk and related strategic geo-location data disclosures. When the final rule came out in March 2024, the rule did include many of the things we mentioned in our letter, such as reporting on physical climate risks. The final rule cited Impax's letter 24 times.
- Enhanced Disclosures rule: this rule would oblige asset managers and investment advisers to classify any fund that incorporated ESG criteria into one of three categories, with different disclosure requirements for the three categories. We supported the general objective of the rule but noted that the categories themselves are not clearly defined, and that many of the additional disclosures were already required by other rules. We met with Commissioner Lee and SEC staff to discuss our comments to this proposed rule and to the names rule below. We met with staffers of two SEC commissioners in March and April 2024 to discuss our comments on the proposed rule, and suggestions for changes to consider before issuing the final rule.

³ European Securities and Markets Authority

○ Asia:

In 2023, as part of our enhanced policy advocacy capacity in Asia to help improve the market standard on sustainability disclosure, we responded to the following consultations:

- Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework by the Hong Kong Stock Exchange
- Feedback on Sustainability Reporting Advisory Committee's Recommendations to Advance Climate Reporting in Singapore by the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) in September
- Consultation Paper on Guidelines on Transition Planning (Asset Managers) by the Monetary Authority of Singapore in December

○ International Standards:

- In November 2023, Impax responded to the Survey on Proposed ISSA 5000, General Requirements for Sustainability Assurance Engagements. In our response, we welcome the work of the IAASB in proposing a global baseline for sustainability assurance engagements and of the IESBA in developing a fit-for-purpose ethics framework for sustainability reporting and assurance, including independence standards. We also shared investors' expectations on higher sustainability information disclosure credibility as more and more are integrating such information into the investment decision process.

Thought leadership

For many years, Impax has published our perspectives and commentaries in reports, blogs and opinion pieces in order to raise awareness across a broad array of topics linked to sustainability and the transition to a more sustainable economy. Impax often collaborates with expert organisations, academic partners and clients in development of these thought leadership publications.

Examples of thought leadership published in the reporting period in 2023:

[Natural selection: the investment case for addressing biodiversity loss \(January 2023\)](#)

In this Q&A, the authors explain why biodiversity loss is critically important for investors to consider, and how investment opportunities are arising from reducing pressure on the natural world.

[Sustainability disclosure regimes must be better aligned \(January 2023\)](#)

The FCA's proposed Sustainability Disclosure Requirements would introduce unnecessary complexity for investors.

['Weeding out' not-quite-so green bonds \(January 2023\)](#)

The additionality and environmental credentials of each issuance must be scrutinised.

[From seed to supper: opportunities in food waste mitigation \(February 2023\)](#)

Innovative companies are making the food and agricultural sector more efficient.

[How innovative Asian firms have conquered niche environmental solutions \(March 2023\)](#)

The rapid electrification of the car market illustrates global opportunities for the region's technological leaders.

[ESG thinking: assessing risks and opportunities in the transition to a more sustainable economy \(March 2023\)](#)

Why Biden was right to veto legislation that would preclude ESG factors from investment decision-making in US retirement plans

[Pricing physical climate risk – two sectors in the spotlight \(April 2023\)](#)

A collaboration with Oxford academics evaluated assets at risk in the data centre and semiconductor industries using GRII data

[Engaging for greater gender equality among Asian companies \(May 2023\)](#)

Rising investor and regulator pressure on companies is encouraging, but the region's pipeline of women in leadership must be developed.

[Opportunities in the clean energy transition – perspectives from Impax \(June 2023\)](#)

In this video, Impax experts discuss the transition to a clean energy system and the investment opportunities arising from it.

[Protecting biodiversity: incentives for corporate action \(June 2023\)](#)

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

[Identifying and measuring sources of alpha in gender factors \(July 2023\)](#)

New research links specific workplace equity and leadership factors in the Impax Gender Score to company outperformance

[The financial impact of diversity and culture \(August 2023\)](#)

Piecing together the research connecting people, policies and company performance

[Reflections on Impax's first 25 years \(September 2023\)](#)

Five key lessons from 25 years of investing in the transition to a more sustainable economy

[Climate change: the impact for investors \(September 2023\)](#)

Reviewing the research that demonstrates the financial materiality of physical, transition and adaptation risks to companies, issuers and their investors

[Buildings are becoming more efficient – but not quickly enough \(October 2024\)](#)

'Smart buildings' software can help enable progress towards alignment with net-zero targets

[COP28: Where progress is really needed \(December 2024\)](#)

Five important outcomes that we believe must emerge from this UN climate summit.

[Outlook 2024: Why prospects for a more sustainable economy remain undimmed \(December 2023\)](#)

We share our perspectives on key themes that we believe will shape opportunities in global markets in 2024 and beyond.

Several of Impax's senior staff have leadership roles or serve on the boards of organisations with an objective to promote the transition to a more sustainable and inclusive economy.

- Ian Simm (Founder & Chief Executive) – board member of Institutional Investors Group on Climate Change (IIGCC); board member UK Government Net Zero Innovation Board; a commissioner with the Energy Transitions Commission; chair of Confederation of British Industry (CBI) Net-zero Committee; member of UK Government Net Zero Council
- Cath Bremner (Chief Strategy Officer) – Senior Associate for the Public and Third Sector Academy for Sustainable Finance at the University of Oxford, member of the Advisory Board for the University of Chicago's Market Shaping Accelerator; co-chair Climate Financial Risk Forum Adaptation Working Group; non-executive Director, UK Met Office
- Charlie Donovan (Senior Economic Advisor) - Professor in Practice of Sustainable Finance at the Foster School of Business at the University of Washington; Chairman US Climate Risk Lab; Honorary Fellow, Centre for Climate Finance and Investment, Imperial College London
- Chris Dodwell (Global Head of Policy & Advocacy, Co-Head Impax Sustainability Centre) – committee member of UK Sustainable Investment and Finance Association (UKSIF) Policy Committee and IIGCC Policy Advisory Group; co-chair Transition Plan Taskforce asset manager working group and Investor Policy Dialogue on Deforestation Consumer Countries working group; lead author of Climate Financial Risk Forum's Climate Disclosures Dashboard; steering group member UK Climate Finance Accelerator; Climate Change Commissioner, London Borough of Hammersmith & Fulham
- Chris Rooney (Head of Advisory Sales, North America) – member of the Board for New Hampshire Businesses for Social Responsibility

- Darren Johnson, (Global Chief Operating Officer) – board member at St Mungo’s, investment advisory board of Comic Relief, co-founder of TalkAboutBlack, CIC board of the Diversity Project, standing committee for Investment 20/20, providing school leavers and graduates from non-traditional backgrounds with opportunities in asset management.
- Ed Farrington (President of Impax North America) – member of the Sustainable Advisory Board of the University of New Hampshire
- Julie Gorte, Ph.D. (SVP for Sustainable Investing) – board chair of the Endangered Species Coalition, Clean Production Action and Sustainable Investments Institute; board member E4theFuture, and the Forum for Sustainable and Responsible Investment (US SIF); member of the PRI’s Sustainable Systems Investment Managers Reference Group and Steering Committee of the Investor Environmental Health Network; serves on the Investment Committee of the Wallace Global Fund
- Leah Wood (Global Head of Marketing & Client Experience) – member of Ceres President’s Council
- Lisa Beauvilain (Global Head of Sustainability & Stewardship, Co-Head Impax Sustainability Centre) – Member of the Nominations Board, Kemira Oyj; member of the Financial Institution Transition Plans workstream, Glasgow Financial Alliance for Net Zero (GFANZ); Member of the Technical Reference Group, International Sustainability Standards Board, (ISSB); Member of the Human Capital Committee, International Corporate Governance Network (ICGN)
- Melissa Platner (Head of Institutional & Consultant Relations, North America)– member of the Executive Committee of the Intentional Endowments Network (IEN)
- Nana Li (Head of Sustainability & Stewardship, Asia Pacific) – chair of the China Working Group at Asian Corporate Governance Association (ACGA); member of the Stakeholder Advisory Council of the International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA), the Financial Capital Committee at the International Corporate Governance Network (ICGN), member of the ESG Committee at Women in Finance Asia (WiFA) and the Caixin China ESG30 Forum
- Steve Falci (Head of Systematic & Multi-Asset Strategies) – serves on the board of the Investment Committee for Mercy Investment Services

Principle 5:

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Stewardship approach

Impax is a fundamentally driven, active shareholder with a long-term investment horizon. Our objective is to build long-term relationships with our listed equity investee companies. The Impax listed companies’ investment process is focused on a comprehensive understanding of the character and quality of our companies, 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 to minimise risks, protect and enhance shareholder value, promote greater transparency on material sustainability issues, and encourage companies to develop and become more resilient over time. We aim at having a well-structured and resourced stewardship process that is integrating stewardship effectively, with clear responsibilities in the work of the Sustainability Centre and the investment team, as described below.

Our listed equities stewardship work can be divided into the following types:

1. Bottom-up company specific monitoring and dialogue

As part of our on-going, proprietary company-level ESG analysis, we identify company-specific material 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. We

regularly assess the progress of company-specific engagements and determine the next priorities in our engagement work. We also gather all engagement data for reporting purposes, each quarter.

Responsibilities: The lead analysts for the investee companies are responsible for the bottom-up company engagement, with the Sustainability Centre helping with coordination, preparations and research.

2. Top-down thematic engagements

Every year we assess and outline the thematic engagement priorities. These priorities are based on market developments and emerging sustainability issues that are material for our companies. We then identify the companies most exposed to the topics in question and focus our engagements on those companies. 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 for thematic engagements.

Top-down engagement themes for 2024 are:

- *Climate (transition risk and physical climate risk)*
- *Nature*
- *People (human capital and equity, diversity and inclusion (E,D&I))*
- *Corporate governance*

Responsibilities: The lead analysts for the investee companies are part of this type of thematic company engagements, but the work is driven and coordinated by the Impax Sustainability Centre and its Head of Stewardship, with a lead for each engagement theme or topic.

3. Proxy voting

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, material sustainability issues 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 also initiate or support shareholder proposals at annual shareholder meetings to encourage greater corporate transparency around a company's material 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.

We use a third-party voting platform (by Glass Lewis) and assess the voting proxy advisor's recommendations but ultimately adhere to [Impax's Proxy Voting Guidelines](#) in our voting decisions.

Responsibilities: In executing our proxy votes, we use a peer review process, where one Sustainability Centre team member is instructing votes and another team member verifies and executes the votes. For resolutions that link to financial transactions, including share issuance and M&A or more contested or controversial, the company lead analysts will be consulted.

4. Systematic engagements

Impax has identified critical and often hard-to-engage areas, with barriers to progress. In an effort to reduce 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. We believe investors need this type of information in order to fully understand companies' operations and risks.

Responsibilities: One member of the Impax Sustainability Centre is responsible for leading and coordinating the systematic engagement work, bringing together our company engagements and policy advocacy work. Company lead analysts are involved in these meetings as relevant.

Stewardship monitoring and reporting

Impax keeps in-house records of all stewardship activities. Company engagements are recorded in Impax's proprietary data and research platform, "Portal", including dates, issues engaged and discussed, name and title of the investee company representatives, the means of communication with companies, outcomes and next steps. All voting activity is also recorded and archived.

We report on engagement and voting activity at the firm-level annually in our [Stewardship and Advocacy report](#). Client, account and fund/strategy level reporting is available as frequently as quarterly, with the format and detail of reporting based on the preferences of our investors.

We seek to follow best practice when it comes to stewardship reporting and seek feedback from our clients and stakeholders on the format of stewardship reporting they find most useful. In general, we seek to focus on the following in stewardship reporting:

- The roles and responsibilities of stewardship activities
- Setting objectives, especially relating to company engagements
- Stewardship outcomes, rather than merely reporting the statistics of stewardship activities
- Seeking to identify which positive stewardship outcomes were driven by Impax's stewardship efforts
- Providing stewardship examples, which demonstrate these elements

In recent years, we have enhanced our stewardship reporting to include these aspects. In particular, we pay attention to and try to specify where Impax was driving the change in companies, through our engagement efforts. This is not always easy to distinguish, but we try to get a sense of this from investee companies.

We publicly report on proxy voting on a quarterly and annual basis⁴. We have extended proxy vote reporting to all "significant votes", with an explanation of the votes cast against or abstain, to reflect the EU Shareholder Rights Directive II reporting requirements. We regularly receive client requests (especially from UK investors) for reporting on "significant votes", following the Pensions and Lifetime Savings Association (PLSA) vote reporting template⁵. This helps investors gather voting data and outcomes in a consistent and comparable format.

Since 2015 Impax has also been annually measuring and reporting on the positive environmental outcomes and impact generated by our investee companies through their products and services⁶. The impact measurement, including the methodologies, data and calculations are externally assured, following the ISAE 3000 limited assurance standard.

Reporting on sustainability, impact and stewardship is becoming increasingly important. The significant increase in sustainable finance reporting requirements, both regulatory, as well as voluntary, led to the establishment of a firmwide working group, the "Beyond Financial Returns Group" several years ago. This group consists of representatives from compliance, legal, client services, marketing, technology and data architecture, as well as the Sustainability Centre and PE/Infrastructure Team, to effectively coordinate the ESG, sustainability and stewardship-related reporting work at Impax.

Effectiveness of stewardship

Impax periodically assesses the effectiveness of engagements and its stewardship approach. Recently the focus of process improvements, has been on more effectively archiving engagement meetings and outcomes in Impax's engagement database, the Portal, for enhanced prioritisation of follow-up engagements.

We have also recently encountered some operational issues with the mechanisms around the linkages, communication and alerts between the proxy voting platform and fund custodians, as described in Principle 12. This issue has been resolved and an enhanced control framework is being implemented as a matter of priority. This new control framework will enhance the reconciliation and exceptions reporting and further build out preventative and detection controls internally and with our third-party providers.

⁴ <https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

⁵ <https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2020/IS-Asset-Managers-Template.pdf>

⁶ <https://impaxam.com/investment-philosophy/impact-reporting/>

We report on engagements and proxy voting activities and outcomes to the Investment Committee and through internal KPIs, as per the SLA described in Principle 2. Where engagement is not progressing, we will use our escalation processes, further described in Principle 11.

We are continuously evolving our engagement assessment and reporting approach to define and measure progress in its many forms.

General principles for effective engagements

Tailored preparation: know your company – its specific business model, geographic context, risk and opportunity exposures in its operations and value chain, maturity, recent achievements and challenges.

Setting clear objectives: set clear step-by-step objectives to be achieved and approximate timelines (achieving positive outcomes typically takes longer than expected).

Clear business case: why does the engagement topic matter and where needed provide academic and other empirical evidence of the “commercial imperative” or business case for why the engagement objectives makes sense for the firm.

Outcome focus: strive for concrete changes and improvements, as set-out in the initial objectives.

Right tone: clearly acknowledge progress achieved and look to next steps as opportunities for further improvements.

Learning curve: work with step-by-step improvement models, starting with the more basic and fundamental issues and moving towards more demanding areas and all the way to best practices – track performance versus objectives set over time.

Constructive dialogue: be a partner or “critical friend”, offer ideas, information, education and solutions observed in the marketplace (peer companies, who are doing this well, how can it be done cost-effectively).

Follow-up process: send follow-up materials promptly and calendarise follow-up meetings with appropriate time intervals.

Escalation: if progress stalls, seek escalation; attempt to meet alternative executives at the company, alternative venues (e.g. conferences), collaborative interventions (shareholders, organisations, platforms), filing or co-filing shareholder resolutions.

Reporting: clearly highlighting the link between objectives and outcomes, seeking clarity regarding engagements where positive outcomes were achieved mainly due to own interventions, not happening anyway or due to other shareholders’ engagements (avoid potential outcome double-counting or simple “status updating”).

Impax firmwide policies

Impax’ policies are reviewed and periodically updated and are maintained in a centralized repository available to all staff. The policy library is maintained by the global compliance team and assigned to owners throughout the business, as applicable. All Impax policies follow a standard format and review process.

There is a *Sustainability Policy Committee (SPC)*, whose role is to oversee, review and where applicable approve Impax’s listed investment ESG, sustainability and stewardship-related policies and positions. Its members include representatives from the investment, sustainability, compliance, marketing and legal teams. It convenes as required and has established a Terms of Reference.

Impax’s stewardship related policies are periodically reviewed by Impax’s compliance team.

Impax’s stewardship policy documents and outcome reports

Global listed equities ESG, engagement and proxy voting policies:

<https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

ESG policy:

<https://impaxam.com/assets/pdfs/general-documents/impax-esg-policy.pdf?pwd=8264>

Proxy voting policy:

<https://impaxam.com/assets/pdfs/general-documents/impax-proxy-voting-policy.pdf>

Engagement policy:

<https://impaxam.com/assets/pdfs/general-documents/impax-engagement-policy.pdf>

Impax Proxy Voting Guidelines:

[Proxy Voting Guidelines \(impaxam.com\)](#)

Proxy voting activities and outcomes reporting:

Proxy Voting Activity - Significant Votes 2023:

[Proxy-voting-activity-significant-votes-2023.pdf \(impaxam.com\)](#)

[Proxy Voting - Impax Asset Management \(impaxam.com\)](#)

Engagement activities and outcome reporting 2023:

<https://impaxam.com/investment-philosophy/engagement/>

[Stewardship and Advocacy Report 2023 - Impax Asset Management \(impaxam.com\)](#)

Impact reporting

Impact Report 2023:

https://impaxam.com/assets/pdfs/reports/impax_impact_report_2023.pdf?pwd=3171

Internal audit of ESG and sustainability processes

Impax has internal monitoring processes in place. In Q3 2022, the Impax ESG and sustainability processes were reviewed by an internal audit process, a service which is outsourced to a third party, Grant Thornton. The scope of the internal audit focused on the governance and oversight of processes linked to Impax’s ESG analysis and sustainability functions. The Audit Report noted a rating of “satisfactory”, meaning “*the internal controls within the area under review adequately mitigate the key risks to the organisation, or where control weaknesses have been identified these only relate to minor risks to the organisation*”. The audit report included positive comments on the ESG analysis processes on the Impax’s proprietary platform “Portal”. Immaterial improvement points were noted under 3 headings, which have since been addressed: Governance (validating and streamlining the ESG and sustainability governance framework so that the roles and responsibilities of relevant committees and working groups are clear); Risk management (continuing to incorporate ESG and sustainability into the Impax enterprise risk management framework); and Training on ESG and sustainability.

Impax’s UK-based listed equities operations, including its proxy voting activities and more recently its ESG evaluation process are audited on the ISAE 3402 certification (International Standards for Assurance Engagement). It has received full certification every year since the fiscal year ending 30 September 2012.

Principle 6:

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

Impax is one of the largest and longest established investors dedicated to investing in the transition to a more sustainable economy. We manage assets for some of the world’s largest asset owners. We are committed to outstanding levels of client service with comprehensive and transparent reporting.

Impax provides investment management and advisory services to a range of client types. This includes Impax’s own funds (UCITS, US Mutual Funds, UK Investment Company and LPs), sub-advised third party funds distributed by partners as well as managed segregated accounts for institutional clients such as pension funds, endowments and sovereign wealth funds.

Account Type	Total AUM £m as of 31 March 2024
Pooled Vehicles	£34,480.84
Separate Accounts	£5,139.29
Total	£39,620.13

Impax's client base is dominated by EMEA, North America and UK/Ireland which mirrors the location of the investment research and distribution teams in London, Dublin and the United States. However, it should be noted that sub-advised pooled funds contracted via Luxembourg are also distributed within the Asia-Pacific region via distribution partnerships.

Region of Domicile	Number of Accounts	Total AUM £m as of 31 March 2024
EMEA	32	£ 18,321.43
North America	38	£ 10,652.54
UK	8	£ 8,875.03
Asia Pacific	12	£ 1,771.13
Total	90	£ 39,620.13

Clients are invested in listed equities (active), listed equities (systematic), fixed income strategies and private markets. The thematic equity strategies are the largest group and are based on the Impax Environmental Markets Taxonomy which was launched in 2002. This product group invests in companies delivering environmental products and services and offers clients the opportunity to allocate to positive environmental solutions. The second largest group of strategies are the Global Opportunities and US equity strategies which deploy the Impax Sustainability Lens which applies Impax's belief in the Transition to a more Sustainable Economy to the broader listed equities market. This enables clients to access core equity strategies in line with their sustainability preferences in core equity portfolios as well as in satellite allocations.

Impax's AUM per type of strategies and asset classes as at 31 March 2024:

Sustainability Tool/Taxonomy	Total AUM £m as of 31 March 2024	% of AUM
Environmental Markets	£ 22,702.78	57%
Sustainability Lens ⁷	£ 15,483.20	39%
Sustainable Infrastructure ⁸	£ 752.52	2%
Gender Lens	£ 679.07	2%
Social	£ 2.56	0%
	£ 39,620.13	100%

The Thematic Equities and Sustainability Lens strategies represent the majority of Impax's AUM (93% as of 31 March 2024). These strategies are invested in companies globally, with a primary focus on North America, Europe and Asia. Investors in these strategies are predominantly institutional, based in North America, Europe and Asia Pacific. The systematic strategies and fixed income are invested globally in companies and issuers, with investors primarily intermediaries, based in the North America. Finally, the Private Markets investments are renewable energy infrastructure investments primarily in Europe, with a predominantly European institutional investor base.

In December 2023 Impax announced the launch of the Global Social Leaders Strategy, which seeks to generate long-term capital growth by investing in businesses that are responding to long-term, secular, social trends. These include aging populations, the increased incidence of chronic disease, rising income in emerging markets, urbanization, and the impact of transformational technology across financial markets. Impax believes that the investment opportunity to back companies that are benefiting from these societal trends is being undervalued by the market. The Strategy will seek out companies that also exhibit innovative, equitable and inclusive processes, reflecting Impax's view that corporate culture can be an indicator of a company's ability to outperform. Creation of the universe for this strategy leverages two proprietary tools, and companies must meet both criteria to be included.

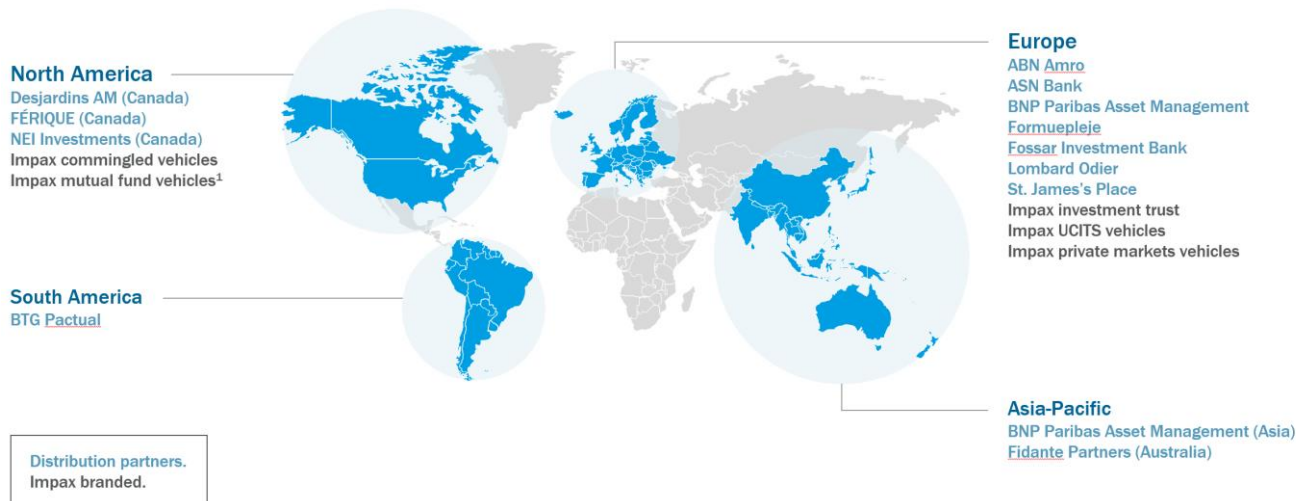
⁷ Includes equities (£13,077m) and fixed income (£1,208m)

⁸ Includes active listed equity and private equity.

Impax is also in the process of expanding its capabilities within fixed income and will be well positioned to report on progress in the 2024 reporting cycle.

Impax's distribution model

Impax has a distribution team focused on professional investors in our home markets. Outside of these regions we have developed a partnership model for those looking to subcontract environmental and sustainability expertise within their own broader product range.



As of 31 March 2024. Products mentioned on this slide are distribution vehicles made up of different fund offerings. Investment offerings may not be available or suitable for investors in all regions. ¹Impax Funds are distributed by Foreside Financial Services, LLC. Foreside Financial Services, LLC is not affiliated with Impax Asset Management LLC.

Client Service

Impax has a dedicated Client Service team to ensure that clients receive relevant investment information in a timely manner, and is supported by Impax's broader Marketing, Portfolio Services, and Compliance teams to provide day-to-day support and regular qualitative and quantitative reporting. In 2023, Impax conducted a client survey which showed 90% client satisfaction with 30%+ of clients noting their view has improved over the past two years.

Impax Sustainability Centre

In 2023 the Impax Sustainability Centre was established, bringing together Impax's Sustainability & Stewardship and Policy & Advocacy teams. Benefits to clients include:

- A joined-up approach to planning, delivery and reporting of engagement work with companies and policymakers.
- Increased focus and resources for the development of thought leadership, both in terms of integrating insights into our investment process and sharing them externally.
- Further development of research partnerships with clients, academics and other stakeholders.
- More structured and systematic approach to sustainability training and development for Impax staff, including for the investment team.
- Team structure provides clarity, accountability and scalability, while enabling specialisation and flexibility.

Partnership approach

Impax believes that adopting a partnership approach with its clients leads to stronger relationships and better outcomes for both parties. Partnership activity can cover a broad range of collaborations and draws upon the expertise from across Impax's diverse teams.

Examples of partnership services offered to clients:

- Providing important, emerging portfolio insights of opportunities and risks, including climate change
- Collaborative engagements projects and proxy voting
- Joint policy advocacy collaboration
- Dedicated client driven research projects
- Topical briefs on sustainability trends, engagement and stewardship norms/best practices, and sustainability-related governmental policies and regulations
- Insights into Impax's ESG research and sustainability themes
- Sharing insights into Physical Climate Risk models
- Educational presentations to key stakeholders of our clients, such as Trustees, Sustainability Teams/Committees, Boards of Directors or End Investors
- Other thought leadership
- Access to in-house experts/thought leaders to discuss topics listed above.

Client reporting

- **Standard Reporting:** Clients typically receive monthly updates on the performance and characteristics of their portfolio. On a quarterly basis, a more detailed Quarterly Investment Report is provided which includes a firm update, portfolio manager commentary, policy and advocacy news and additional portfolio metrics. Clients also have access to Impax's impact, engagement and ESG reports, topical white papers, newsletters and blogs, providing further insight into the Impax's investment thesis and areas of research.

- **Sustainability Reporting:**

- *Impact:* On an annual basis, clients receive both our [firm level Impact report](#), as well as a bespoke, account specific Sustainability Report (formerly known as 'Beyond Financial Returns') which provides a comprehensive overview of the Impact and Engagement outcomes for their portfolio. This report enables more detailed discussions on the drivers of changes in impact metrics over the past year to enable deeper understanding of activities undertaken by investee companies towards GHG avoidance, water saved/treated/reused, waste recovered/recycled, renewable energy generated, etc.

Many clients use UN Sustainable Development Goal alignment as a proxy for positive impact. Impax has therefore mapped active equity strategies to this third-party framework to enable clients to review their portfolio / fund(s)/ within their broader portfolio of funds and investments.

- *Engagement & Proxy Voting:* We report engagement and voting activity to segregated accounts typically either quarterly or semi-annually, depending on client needs. Impax publishes an annual [Stewardship & Advocacy report](#) setting out the strategic initiatives of focus for the year as well as outcomes. Since 2020 this report has included updates on our policy advocacy programme which has focused on climate and biodiversity with the environmental space and pay equity and E,D&I within the social space. We also publish the proxy voting outcomes for pooled funds [on our website](#).
- *Policy and Advocacy reporting:* As specialist investors in the transition to a sustainable economy, making our voices heard with policymakers has been an important part of Impax's work for decades. We believe it is crucial for investors to participate more closely in public policy design in order to accelerate this transition, including by reducing emissions and protecting natural resources. Our team is regularly consulted on the design and implementation of public policy. We strive to influence policy outcomes that support the growth of markets in solutions to environmental and social challenges. Through such advocacy, we can both maximize the effectiveness of policies and identify future investment opportunities. Our Firm level [Stewardship & Advocacy report](#) outlines Impax's global policy advocacy activities and the impact of our work. In addition to the above, Impax works collaboratively with our peers to support the expansion of sustainable finance, our current memberships are listed [here](#).

- We seek feedback from our clients and stakeholders regarding the format of stewardship reporting they find most useful. Feedback we have received is seeking to know where investee companies' improvements following engagement were specifically driven by Impax, and not driven by other shareholders' engagement, or happening without engagement. In recent years, we have enhanced our engagement reporting to include this aspect.
 - In Impax's client survey conducted in 2023, 72% of Impax's clients ranked the Firm's Engagement reporting as 4 or 5 out of 5, with 5 defined as "exceeding our needs" and 1 defined as "not meeting our needs".
 - 83% of Impax's clients ranked the Firm's Impact Reporting as 4 or 5 out of 5, with 5 defined as "exceeding our needs" and 1 defined as "not meeting our needs".

Collaborating with clients on Stewardship and Advocacy

Impax fosters partnerships with clients through regular engagement. This can take several forms:

- Presentations on topical subjects from members of Impax's Sustainability Centre during regularly scheduled due diligence meetings can spur conversation on specific client interests and result in further collaboration on topics of mutual interest. Recent examples include deep dives on best practices for engagement in Asia and how Human Rights are considered in ESG analysis.
- The Sustainability Centre has resources that are dedicated to responding to inbound inquiries from clients on topics they are focused on or interested in. Client inquiries span a large number of sustainability-related topics and can be extremely detailed or very broad. Typically, email inquiries precede or are followed by meetings which deep dive into a particular topic of our clients' interest.
- Impax regularly hosts and sponsors/speaks at sustainability events and forums. Impax is often invited as a subject matter expert through its vast network of member organisations including speaker invitations including:
 - March 2023 ICGN conference Stockholm, Lisa Beauvilain speaking on Plenary 8: Board Oversight of Supply Chain Sustainability panel.
 - COP28 climate negotiations: Chris Dodwell, speaker and panellist at a number of workstreams including the UNFCCC 4th Public-Private Sector Climate Finance Dialogue, Marrakech Partnership event on Accelerating Systems Transformations, IIGCC's breakfast panel reviewing the outcomes of Finance Day at COP28 amongst others.
 - PRI Digital Forum: Driving Meaningful Data 2023. Lisa Beauvilain, panellist for: 'Climate data and net zero commitments: does the market meet investors'.
 - Global Investment Management Summit: panel discussion including Ian Simm: How sustainability is driving global financial markets.
 - PRI in Person in Tokyo, October 2023: Nana Li invited as a panellist for the corporate governance and investor stewardship in Asia.
- Impax also has experience partnering with clients and asset owners to co-author research or collaboratively engage on topics of mutual interest:
 - Impax collaborated on a [Water Report](#) with AP7 which investigates what impact portfolio companies have on water availability, and how investors can support increased transparency and improved water stewardship. Together Impax and AP7 have engaged with leading water companies and water organisations to identify existing gaps, to create case studies of water companies and water value chain experts. The report presents a case study of water impact measurement, importantly including the local water context. The study also includes practical observations and lessons learned throughout the partnership project on water impact measurement and guidelines for effective engagement. AP7 and Impax also regularly co-author articles on material sustainability topics. This article was co-authored in March 2023: [Water quality: a critical pillar of biodiversity - Impax Asset Management \(impaxam.com\)](#)
 - Beginning in 2020, Impax teamed up with the New York State Common Retirement Fund to ask listed US companies in the S&P 500 Index to voluntarily disclose the locations of their significant assets, including facilities, buildings, and installations whose loss or impairment would impact

financial results. This collaboration is ongoing and described more in Principle 10. [Seeking coordinates: A unique engagement on physical climate risk - Impax Asset Management \(impaxam.com\)](https://impaxam.com)

- Impax collaborates with clients on stewardship, including company engagements. An on-going engagement collaboration is with Canadian NEI Investments, with a current focus on Nature and Net Zero as engagement themes.

Principle 7:

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

All of Impax's assets under management across all asset classes and geographies integrate ESG analysis and stewardship as an important part of the investment process. This section will describe what ESG and stewardship entails for the various asset classes.

Impax has c. 80 investment team members globally and the Sustainability Centre (SC) has 18 members specialised in sustainability research, ESG analysis, stewardship and policy research and advocacy, working across the four pillars of the Sustainability Centre.

At Impax, the lead investment analysts are responsible for financial and ESG analysis, as well as the related engagements of the investee companies under their coverage, for the active listed investments. The Sustainability Centre team is responsible for the oversight and providing peer-reviewing and scoring of the ESG analysis, coordination of focus areas of engagement and continuous further development of the ESG, sustainability and stewardship approaches and methodologies.

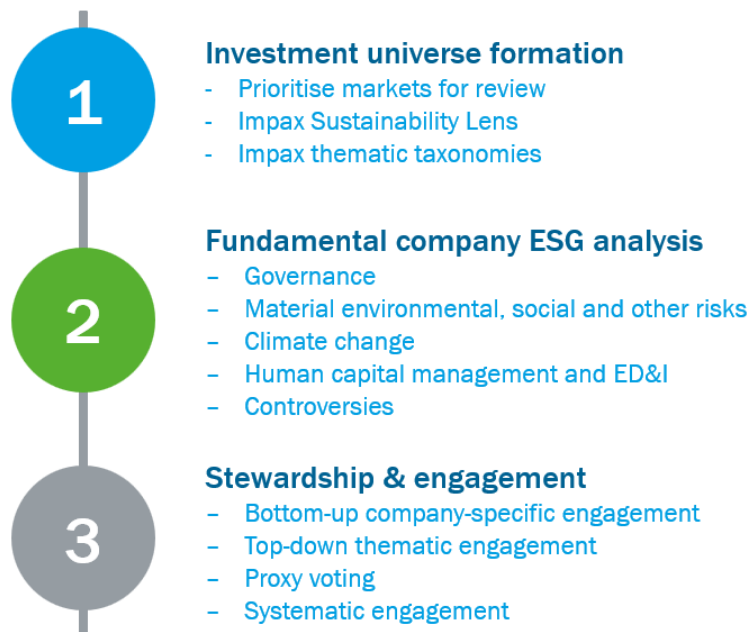
Impax uses external research and service providers as an input in the ESG analysis of listed investments but has developed a fundamental, proprietary methodology for analysing and scoring companies on ESG quality and does not rely on external research for ESG scores or ratings in our actively managed listed investments. However, external ratings are used as inputs in some of our systematic equity strategies.

As described in Principle 2, there is an on-going exchange of ESG-related information and insights from the Sustainability Centre (SC) to the investment team relating to ESG or stewardship developments. There are standing agenda items for ESG-analysis, engagement and policy developments at the investment team meetings and the Investment Committee meetings. In addition, the SC provides on-going sustainability training, including regular training as well as ad hoc training with the investment team and the broader firm, when new methodologies or approaches are being introduced.

In 2023, the new areas of work for which training sessions were provided included an enhanced [Fossil Fuel Policy](#), which allows investment in, for example, utilities with fossil fuel-based generation that have credible and resilient transition plans, as well as an eight-module internal sustainability training program, covering areas such as company-level ESG-analysis, stewardship, policy advocacy, Net Zero and impact measurement. These training modules are available for all staff as recorded training modules on the Impax training and development platform. Additionally, the SC held sessions to explain the structure and the four pillars of the newly formed Sustainability Centre.

The Sustainability Centre has as part of its "Thought-leadership" pillar, as objective to further develop a sustainability training and development programme at Impax. This development work is currently under way. Additionally, the Impax Human Resources team offers training and development programs linked to sustainability, especially as part of the induction program of new employees.

Overview of Impax's sustainable investment approach for listed investments, the three steps:



1. Prioritising markets for review and investment

Impax's investments and strategies are aligned to the transition to a more sustainable global economy. Activities with lower sustainability risks and higher opportunities are set to benefit from a transition to a more sustainable, low-carbon economy and are well positioned for the long-term. The Sustainability Lens is Impax's proprietary tool to identify the areas and activities of the economy with higher and lower risks in the short and longer term and also to identify investment opportunities created by unmet societal needs. Impax prioritises activities and sub-sectors that have higher opportunities and lower risks, for our "Core Sustainability Lens" based strategies, which are strategies with broader, more unconstrained sector exposure.

In the reporting period, in 2023, specific topics analysed through the Lens, in addition to the quarterly *Sector Expert Reviews* of the main GICS "super-sectors" on a rotational basis, the Impax Lens Committee also reviewed the advances of artificial intelligence and the risks and opportunities it creates for different sectors, the sustainability of the hotel and other areas of the leisure sector and an assessment of the REITs sectors. Upcoming reviews include an assessment of what escalating global geo-political tensions may imply for different sectors and activities. Small working groups will present their findings to the Impax Lens Committee (ILC). The ILC, led by the Impax's Sector Experts and the "Lens Scoring Committee", will propose potential changes to Lens scores that the ILC can approve.

Impax has a number of thematic environmental investment strategies, based on the Impax's proprietary thematic environmental and social taxonomies or universes. These taxonomies and universes underpin Impax's thematic investment strategies, which represent the majority of Impax's assets under management. Impax has been investing in the environmental markets for more than 20 years.

Impax's proprietary tools for prioritising markets for investment:

Identifying sustainability transition-aligned opportunities



As part of our investment process, we develop and maintain large databases of our thematic investment universes, for example, the *Impax Environmental Markets Taxonomy* currently represents c. 2,500 companies. The companies in the universe must have at least 20% or 50% of revenue (or other business activity indicator) from six categories of environmental solutions, in order to be included in the universe. We review and update the percentage of revenue derived from the environmental or climate solutions and activities for each company on an annual basis. This process ensures that our investee companies are and continue to be part of the economy and sectors providing environmental and climate solutions and to further develop and expand our environmental investment universe. Impax's *Environmental Markets* classification system or taxonomy:

Category	Energy		Clean and efficient transport	Smart environment			
	Sector	Alternative energy		Energy management & efficiency	Digital infrastructure	Environmental services & resources	
	Sub-sector	Hydrogen		Smart grids	Transport solutions	R&D & consultancies	Efficient IT
		Biofuels		Industrial, consumer & buildings efficiency	Advanced aviation	Finance & investment	Cloud computing
		Wind		Power storage and un-interruptible power supply	Advanced shipping	Testing & monitoring	Digital collaboration solutions
		Solar		Lighting	Railways	Pollution control	
		Developers & independent power producers			E-bikes & bicycles	Environmental resources	
		Buses & coaches					
		Road vehicles & devices					
		Pollution reduction					
		Shared mobility					
Category	Water		Circular economy		Sustainable food		
Sector	Water infrastructure & technologies		Resource efficiency & waste management		Sustainable food & agriculture		
Sub-sector	Distribution & infrastructure		General & hazardous waste management		Organic & alternative	Agri- & aquaculture	
	Treatment		Recycled, recyclable products & biomaterials		Technology & logistics	Forestry	
	Efficiency		Resource circularity & efficiency		Safety & packaging		
	Utilities		Technologies				

In 2023, Impax developed a new Social solutions classification system or taxonomy. It includes companies that generate 20% or more of their underlying revenue by providing products and services to improve quality of life, broaden economic participation and meet basic needs.

2. Fundamental ESG analysis at the company level

After having identified and prioritised markets and activities for review, either within broader sustainable markets or thematic environmental or social markets, the next step is fundamental analysis at the company level, including ESG analysis. It is an integral part of the Impax investment process. The analysis enables a deeper and broader understanding of our companies, their corporate structures, oversight mechanisms, risk management capabilities, processes and transparency. We seek to understand the character of the companies through our proprietary ESG methodology. The insights from the ESG analysis are also utilised to establish the priorities for engagement with our companies.

Integrating ESG analysis into the investment process – across asset classes and strategies

Actively Managed Listed Equities: All companies must meet financial and ESG criteria before entering the Impax universe of investable companies. The investment team members are responsible for integrating ESG analysis into the investment process.

1. **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 Principles (including human rights, labour rights, environment, and anti-corruption), as well as the OECD Guidelines for Multinational Enterprises, the International Labour Organization's (ILO) Conventions and the UN Guiding Principles on Business and Human Rights (UNGPs). Controversial weapons are outlawed in multiple jurisdictions and international treaties. Impax seeks to exclude companies with involvement in controversial weapons from investment. We source information about company compliance with international standards and norms and involvement in related controversies from external ESG research providers. If Impax determines a company is not compliant with international standards and norms, it will be excluded from 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.
2. **Proprietary ESG analysis.** We conduct a detailed, proprietary ESG analysis of new companies and issuers considered for the investable universe and review the ESG analysis on a periodic basis. Impax considers five main pillars within its ESG analysis:
 - **Governance:** We analyse companies' governance structures, taking into account common and best practice in the areas of board structure, compensation, shareholder rights, internal controls and governance of sustainability.
 - **Material Environmental, Social, and Other Risks:** We analyse companies' and issuers' environmental and social policies, processes and disclosures, identifying the most material risks. Materiality is defined as the sustainability issues or risks that may most materially disrupt a company's operations through financial, physical, or reputational loss or disruption. These risks can include: Resource use and dependencies, biodiversity risks, waste and pollution externalities, health and safety, supply chain complexities, product liabilities including cyber risks and data privacy and bribery & corruption. We seek investments in companies or issuers that have addressed the material risks with robust policies, processes, management systems and incentives that are scaled appropriately to the importance of the risk.
 - **Climate Change:** Climate change is a systemic issue for all companies and this pillar assesses the preparedness, management, target-setting, performance and disclosures by companies in terms of both climate transition risks and physical climate risks.
 - **Human Capital Management and E, D&I:** Human capital and E, D&I are systemic and critical issues for all companies. This pillar assesses the management, target-setting, performance and disclosures by companies for aspects of diversity in leadership (gender, racial/ethnic diversity in board and management teams), workplace equity (hiring/retention efforts, goals, targets, disclosures), and human capital (talent pipeline, compensation/benefits and employee engagement).
 - **Controversies:** This includes analysis of companies' past and ongoing controversies, seeking strong processes and management systems to address and avoid any repeat events. Analysis includes types of controversies or incidents (repeats, reputational, financial, operational), severity (widespread, systematic, isolated incident), and timeframe and status of issues (ongoing, closed, company has responded or addressed).

We analyse company disclosures and reports and use external ESG research as input and support in our analysis. When all inputs are gathered, we write an ESG report and assign a proprietary **ESG score** for each of the five pillars, as well as an overall ESG score, which includes a peer review process. We do not seek to exclude a certain number or percentage of companies or issuers, but rather seek to ensure an absolute level of ESG quality. Where this is not achieved, a company is excluded from the investable universe.

As part of our analysis of new companies and their potential introduction to our investable universe, the “A-list”, a detailed “10-step analysis” is conducted, which includes financial and operative analysis, the proprietary ESG analysis described above, but also an Impax **Key Sustainability Indicator (KSI) dashboard**, which provides an overview of a range of key internal sustainability, ESG and impact-related datapoints at the company level. KSIs complement the fundamental ESG analysis with metric-level evidence and information of investee companies’ sustainability characteristics. KSIs include sustainability data points related to thematic and sustainability revenue exposures, positive impact metrics and SDG alignment, norms-based screening, climate and social metrics, as well as SFDR Principal Adverse Impact (PAI) indicators. The sustainability data collated into the dashboard supports investment decision-making, target setting for stewardship activities and monitoring of companies’ progress.

As part of the fundamental ESG evaluation process, Impax monitors companies’ performance on the **SFDR PAI** indicators, especially for those strategies subject to SFDR, using the KSI dashboard. Materiality and substantive underperformance on PAI indicators relative to respective sector averages are flagged in the “Portal”, Impax’s research and data platform.

Systematic strategies: We have developed two proprietary rating frameworks that employ a quantitative approach to ESG assessment. These frameworks are incorporated into portfolios that use quantitative optimization tools to manage risks relative to market benchmarks and target desired tilts in characteristics. These tilts involve integration of ESG ratings systematically alongside financial factors in portfolio construction through optimization.

1. **Impax Gender Score:** The Gender Score is a proprietary framework of gender leadership factors used to determine the constituents and weights of a global investment strategy designed to capture investment returns associated with gender diversity and women's leadership.
2. **Impax Systematic ESG Rating:** The Systematic ESG Rating is a proprietary, relative ranking framework designed to capture information regarding a company’s management and performance related to material ESG issues. The framework is used to determine the constituents and weights in U.S. large-cap systematic portfolios.

Impax’s Fixed Income issuers currently undergo the proprietary ESG evaluations. However, Impax is in the process of reviewing and updating the sustainability and ESG processes for Fixed Income, due to ongoing developments in the firm’s overall Fixed Income business strategy.

Additionally, in order to manage and mitigate climate risks, all of our listed investment strategies have adopted a consistent [Fossil Fuel Policy - Impax Asset Management \(impaxam.com\)](#)

Private Markets⁹:

Impax is one of the longest established fund managers in the renewable energy sector. Impax follows an industrially focused value-add strategy, investing in renewable power generation and related assets.

The PE/Infrastructure team has a dedicated Head of Sustainability, who is also Head of Asset Management, ensuring comprehensive integration and monitoring of the ESG policy. The Head of Sustainability is an ESG Observer on the PE/ Infrastructure Investment Committee, responsible for ensuring that investment decisions comply with the ESG policy and other relevant rules and regulations relating to ESG topics.

There is a PE/Infrastructure ESG sub-committee which convenes every six months to discuss relevant topics and is responsible for governing the ESG policy. The ESG sub-committee has representatives from the PE/Infrastructure team (Commercial, Technical and the Head of the Team), Compliance, Legal and Sustainability teams.

Beyond complying with the applicable laws and regulations in the relevant jurisdiction of the investment, the assessment and mitigation of ESG risks are an integral and necessary consideration during the due diligence process

⁹ <https://impaxam.com/assets/pdfs/strategies/impax-new-energy-strategy-esg-policy-2023.pdf?pw=3014>

prior to the acquisition of each investment. Material risks are analysed under the following pillars; governance; E,D&I and human capital management; material environmental, social and other risks; and climate and presented to the Investment Committee. In addition, how the investment contributes to the sustainable investment objective and the principal adverse indicators (PAIs) are evaluated.

Breaches within any ESG parameters would prevent Impax from undertaking an investment and the Investment Committee must review all potential investments on these ESG parameters. The key risks and positive environmental and social opportunities identified by the ESG analysis described above are used to form the ESG strategy for the investment and good governance structures and company level policies and procedures are implemented as part of the transaction structuring process. This is possible as all investments are structured with control rights. Data is collected annually to assess the investments performance against the PAIs.

Managing climate risks

Climate risks are systemic risks for all companies, hence both transition and physical climate risks are assessed for companies as part of our proprietary ESG analysis. We assess companies' climate governance, policies, processes, strategies, incentives and target-setting to manage climate transition risks and GHG reduction in the real economy. We classify all our owned active listed companies into "aligned", "aligning" or "non-aligned" to Net Zero.

Physical climate risks are identified at the project level for assets within the Private Markets division and are considered as part of the site-specific design plans prior to commencing construction on all projects.

We are actively engaging with our investee companies on both transition and physical climate risks, a thematic focus area of our engagements, discussed in more detail in Principle 10.

Impax has published its first detailed [Taskforce on Climate-related Financial Disclosures Report](#) (TCFD) in 2022 and submitted our targets¹⁰ for the [Net Zero Asset Managers' initiative \(NZAM\)](#), for which engagement and proxy voting will be important elements for achieving the targets set.

3. Engagement as part of the investment process

Engagement process for listed equities

ESG-analysis and engagement are integrated in our investment process. Engagement is used both to mitigate risk and to enhance value and investment opportunities. The investment team is involved in monitoring our companies 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, monitoring 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 in collaboration with the Sustainability Centre, 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. We regularly collaborate with other investors and partners on engagements, with or without a lead or coordination from responsible investment organisations.

Our engagements consist of bottom-up company specific, top-down thematic and systematic engagements, as well as engagements linked to proxy voting. These described in further detail in Principles 9, 10 and 12.

In cases where engagements are not progressing as anticipated, we will utilise **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.

¹⁰ Aim for 100% of committed AUM being climate resilient and within the categories "transition aligned" or "transition aligning" related to climate management and processes by 2030.

Collaborative engagements are 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 will 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 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.

The [Impax Engagement policy](#) is disclosed on our website and every year we publish our [Stewardship and Advocacy Report](#).

Engagement process for private markets

Investments held by the private markets funds are typically through majority stakes, but always with control rights with Impax taking an active role in managing all investments and having board representation. The team is responsible for identifying and then managing ESG-matters post-acquisition including:

- Effective control rights and alignment of interests
- Establishing or developing existing policies and procedures in line with Impax’s standards including HR, ED&I, anti-bribery and corruption and vendor management
- Setting up communication and (financial, ESG and technical) reporting functions

Business plans are agreed as part of the acquisition process and are updated annually. Key performance indicators (KPIs) are regularly reported and reviewed by Impax and the Board of Directors or Supervisory Board of all platform investments. We have regular communication via email, telephone and virtual and in-person meetings with the local teams.

Impax has continued to engage with its investee companies and their suppliers to enhance the traceability of their supply chains. This was supported by an updated vendor management procedure with a tailored approach to risks such as forced labour using a framework. The procedure was developed internally with the support of one of its investee companies for engaging suppliers based on the Solar Energy Industry Association’s Solar Supply Chain Traceability Protocol and the US Forced Labour Prevention Act. Specific clauses have been added to all new contracts to procure solar panels with provisions on human and labour rights and to permit the completion of supply chain verification audits. The results of the first audit have been received and the findings have been raised with the solar panel manufacturer.

Impax and investee company team members actively engage with local stakeholders during the permitting process for the renewable energy projects, as well as during the construction and operational phases of the projects. For example, for a wind project in Germany Impax liaised with the local development team to ensure that biodiversity considerations were integrated into the site designs from inspection. Prior to beginning construction, great care was taken to minimise the project’s impact on the local forested areas and the team has worked with various stakeholders to reduce any negative effects from constructing and operating the 18MW wind farm. An ecologist has been deployed at the site to monitor bird populations.

Proxy voting as part of the listed equities investment process

Proxy voting is a key component in the ongoing dialogue with the public companies in which we invest. Through implementation of our voting policy, we aim to enhance the long-term value of our shareholdings, foster corporate governance best practices and promote sustainability, accountability and transparency.

Impax's 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, through the vote of management and shareholder resolutions. We also maintain dialogue with investee companies throughout the year and frequently engage on proposed governance structures ahead of voting at an Annual General Meeting (AGM) or soon after. Proxy voting is an important driver for our engagements with our investee companies.

Impax has centralised its proxy voting. It is coordinated, researched and executed by members of the Sustainability Centre, for consistency of voting decisions, which are primarily informed by our [Proxy Voting Guidelines \(impaxam.com\)](https://impaxam.com). However, resolutions that are of non-procedural financial or transactional nature, such as resolutions around capital structure, share issuance or M&A, but also of more contested or controversial nature, will be discussed and agreed with the company's lead analyst.

This topic will be discussed in more detail in Principle 12.

Principle 8:

Signatories monitor and hold to account managers and/or service providers.

Impax uses external research and service providers as an input in the ESG analysis of listed investments but has developed a proprietary methodology for analysing and scoring companies on ESG quality and does not rely on external research for ESG scores or ratings in our actively managed listed investments. However, external ratings are used in some of our systematic equity strategies. External research and data are used when monitoring investee companies' behaviour and controversies. This relates both to normative controversies, such as human rights breaches and more common controversies, such as litigation or labour relations. We also use external research providers' data to monitor any potential controversial activities, such as revenue exposure to controversial weapons, fossil fuels or tobacco. We review external ESG research providers on an annual basis, to understand any changes to research methodologies, but also to understand areas of priority for the research providers. We review the voting outcomes and whether votes have been cast, on an on-going basis.

We also use external research providers' data and metrics for our regulatory reporting requirements, such as the EU SFDR's Principle Adverse Indicators (PAIs) and for the European ESG Template (EET).

While we do not use external ESG research extensively, we continuously meet with research providers to understand evolving methodologies, especially within more complex areas, such as biodiversity and physical climate risk data, highly location-specific risks, where corporate geo-location data is critical, but is often missing. We have recently hired NatureAlpha for biodiversity data and research. We are also in the process of reviewing external research providers for fixed income issuers, given Impax's recent strategic focus on Fixed Income.

The service and research provider we spend by far the most time engaging with is our proxy voting advisor, Glass Lewis, (GL). We regularly discuss operational issues in the proxy voting process, on the GL voting platform, Viewpoint, as well as vote reporting issues. We also assess their updated voting policies, however, we determine our voting based on Impax's [Proxy Voting Guidelines \(impaxam.com\)](https://impaxam.com), updated annually, most recently in January 2024. Once the annual guidelines have been updated, there are extensive discussions with GL's operations team, about capturing our guidelines correctly in the on-going voting process, so that the voting research does indeed flag the issues that we have set out in our guidelines. We always engage with the proxy advisory firm when we believe the "Impax voting policy recommendation", following our voting guidelines, does not seem to be correctly reflected.

Most recently the review with GL focused mainly on the changes in our 2024 Proxy Voting Guidelines, linked to updates in how we vote for directors responsible for key board committees, in order to express our view on governance, diversity and climate concerns. We also updated the gender diversity thresholds at the board level, as disclosure frameworks, regulatory standards and increasing stakeholder expectations continue to drive greater board gender diversity, particularly among European and North American companies. In this update we took a slightly more granular market-based approach, for instance for gender diversity on Japanese company boards where diversity levels are lower compared to other developed markets so progress must be measured differently.

For our private market investments, we have continued to work with an external service provider to help with the gathering and reporting of ESG-related data for the investments. External advisers are also used to support the due diligence processes, which are reviewed in line with our vendor management procedure.

Principle 9:

Signatories engage with issuers to maintain or enhance the value of assets

Impax is an active shareholder with a long-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 for potential improvement. We believe it is in the interest of our investors that we engage with our investee companies to minimise risks, protect and enhance shareholder value, promote greater transparency on material ESG issues, and encourage companies and issuers to develop and become more resilient over time.

Engagement is used both to mitigate risk and to enhance value and investment opportunities.

Engagement allows us to:

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

How we source and prioritise engagements

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-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), nature, corporate governance, and people (human capital and equity, diversity and inclusion). 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 every year, 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 also for expressing our views on company management of diversity,

material sustainability issues and climate, through the vote of management and shareholder resolutions. When we have voted against a significant resolution for companies in our active equity strategies, we will reach out 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 Engagement

Impax has identified critical and often hard-to-engage areas, where barriers to progress and better practices seem clear. In an effort to remove these impediments, we practice 'systematic engagement,' engagement combining company engagement and policy advocacy with the aim of shaping companies' practices through regulatory or policy change. These areas often cover optional topics that companies may prefer not to disclose and are not mandatory, such as geolocation data for strategic company assets. We believe investors need this type of information order to fully understand companies' operations and risk management.

Engagement as part of the listed investments process

Engagement is an important part of the ESG analysis and investment process. We engage with companies when we have identified specific ESG issues or concerns, when we require further information regarding an ESG aspect (that is not publicly disclosed) and/or to encourage improvement in company material ESG-policies, processes and disclosures. We also find companies' responses to ESG engagements very informative of company character. We engage individually and together with other investors.

As both an equity and fixed income manager, Impax benefits from crossover engagements that add insight and can potentially influence our view of an issuer. Since bondholders are an essential source of financing, company management tends to be inclined to maintain good relationships and have meaningful engagements. The benefits are twofold – engagement helps improve our ability to fully vet ESG-related risks and opportunities, and it can help improve an issuer's ESG transparency and performance going forward.

Company-specific engagements are conducted by the Impax investment team in collaboration with the Sustainability Centre, as part of our regular meetings with company management teams, through additional conference calls, meetings or as part of other communications with the broader investment community. Impax may also file shareholder proposals to support these efforts. Increasingly, expert organisations drive and coordinate investors' engagements on important issues and Impax takes part in these.

We maintain a proprietary database, "Portal" where the engagement issues, objectives, actions, timings and outcomes are detailed. We review the database regularly and if an issue remains unresolved, we follow-up with the company in question.

Setting engagement objectives:

An important characteristic of our engagement work is that our investee companies' business models, products and services are generally aligned with the transition to a sustainable economy. This means that our engagements are usually not focused on changing companies' strategies or business models, but rather seeking to influence how the companies are operating and the structures, processes and disclosures they have in place.

For the bottom-up, company specific engagements, the objective is typically to solve or improve an 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. In Portal, we have also a summary page for each investee company, with key financial and ESG data for the company and a rating indicating the level of priority for engagement for the company in question.

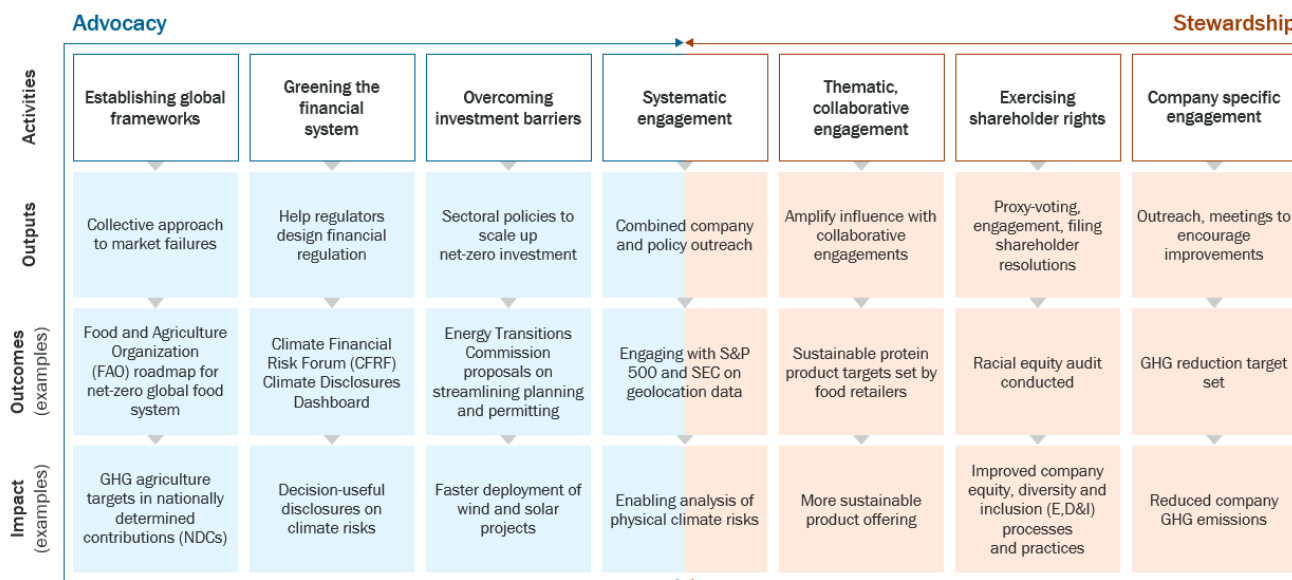
For the thematic engagement areas, we have set up specific steps as objectives that we seek to reach with the engagements. The thematic engagement areas have analysts assigned as leads for each of the current themes of engagement; climate, nature, people and corporate governance. The thematic engagement topics have been

identified as they are significant or systemic issues that require particular attention. In the Portal-database, it is noted for each engagement what the nature of engagement, the objective, the outcome achieved and the next steps were.

Additionally, new and significant thematic engagement topics that often are of shorter-term nature are often identified, such as Covid-19 between 2020 and 2022 and ethics of algorithms and AI, with the rapid developments in that area over the last few years. These types of engagements are about fact finding and monitoring, an example of this is discussed in Principle 9, related to the human capital engagements we have conducted starting with the different phases of the pandemic and the effects it had on the economy and workforces, over several years.

Over the last few years, we have developed a stewardship and advocacy-framework, in the form of a stewardship *impact value chain*, identifying a more detailed articulation of the stewardship *inputs* (e.g., resources and working groups) and *actions* (research, collaborations, escalations) that will be most effective in achieving the *outcomes* set in our engagement objectives (e.g., company target-setting, capex investment) and observing the real-economy *impact* from this work, for instance GHG emissions reductions or improved diverse representation on boards. This is also at the core of Impax’s approach to Net Zero Asset Managers’ (NZAM) initiative and our target-setting; utilizing stewardship and advocacy for real economy change and impact in our investee companies. This was first presented in our 2023 [Stewardship and Advocacy Report](#) and illustrated in the table below.

Pursuing real-world outcomes and impact through stewardship and advocacy activities



Engagement as part of the Private Markets investment process

Engagement with investee companies

Investments held by the Private Markets Funds are typically through majority stakes, but always with control rights. Impax takes an active role in managing all investments and having board representation. The team is responsible for identifying and then managing ESG-matters post-acquisition including:

- Effective control rights and alignment of interests,
- Establishing or developing existing policies and procedures in line with Impax’s standards including HR, ED&I, anti-bribery and corruption and vendor management, which were updated in 2023, and
- Setting up communication and (financial, ESG and technical) reporting functions.

Business plans are agreed as part of the acquisition process and are updated annually. Key performance indicators (KPIs) are regularly reported, which are reviewed by Impax and the Board of Directors or Supervisory Board of all platform investments. We have regular communication via email, telephone and virtual and in person meetings with the local teams.

As outlined above in Principle 7, Impax has continued to engage with its investee companies and their suppliers to enhance the traceability of their supply chains. This was supported by an updated vendor management procedure with a tailored approach to risks such as forced labour using a framework which was developed internally with the support of one of its investee companies for engaging suppliers based on the Solar Energy Industry Association's Solar Supply Chain Traceability Protocol and the US Forced Labour Prevention Act. Specific clauses with provisions on human and labour rights have been added to all new contracts to procure solar panels. Furthermore, all new contracts provide Impax with the right to conduct supply chain verification audits. We have streamlined the risk categorization process to support portfolio companies to target their due diligence to the most material risk areas. Furthermore, training was provided to all investee companies on this vendor management procedure.

During the year, two new investments were made in joint venture platforms. The requirement to implement Impax's framework anti-corruption and anti-bribery and HR policies, and the vendor management process was negotiated into the transaction documents. These framework agreements set out minimum standards for working to prevent bribery and corruption as well as for the expected code of conduct, family-friendly practices, equal opportunities and anti-harassment, data protection, whistleblowing, grievance, and disciplinary procedures. The policies were updated in 2023, and training was provided on the vendor management procedure to all portfolio companies. Updated policies were also re-adopted by existing investee companies.

Engagement with external stakeholders

The Impax PE/Infrastructure team also engages with external stakeholders as follows:

- Engagement with local experts in order to understand issues relating to project design, and authorities and local stakeholders during approval process necessary to achieve approval.
- Direct engagement with suppliers, project finance providers and off takers for investee companies.
- Local stakeholder engagement including:
 - Engagement with local communities during development, construction and operation phases of the project development; and
 - Subcontracting work to local counterparties where appropriate.

Impax and investee companies team members actively engage with local stakeholders during the permitting process for renewable energy projects we build. This engagement continues throughout the construction and operational phases of the projects. For example, for a wind project in Germany Impax liaised with the local development team to ensure that biodiversity considerations were integrated into the site designs from inspection. Prior to beginning construction, great care was taken to minimise the project's impact on the local forested areas and the team has worked with various stakeholders to reduce any negative effects from constructing and operating the 18MW wind farm. An ecologist has been deployed at the site to monitor bird populations.

Another example of broader engagement was during the procurement of solar panels for the construction of solar parks in Italy. Our vendor due diligence process requires additional evidence for solar panel procurement, which places greater emphasis on forced labour risks, based on the US Uyghur Forced Labour Prevention Act and the Solar Energy Industries Association's Solar Supply Chain Traceability Protocol. Suppliers are requested to sign a code of conduct which has a section on human rights and modern slavery. Furthermore, a clause pertaining to complying with human and labour rights and anti-slavery standards is part of the contract. This vendor management process focuses on traceability and engagement in relation to these issues. We included a clause providing Impax with the right to request a supply chain traceability audit in all new panel purchase agreements in 2023. We commissioned one audit for a manufacturer which we identified as higher risk. Findings from the report have been raised with the supplier and recommendations for improvements have been made which will form the basis of our future engagement work. The findings were not sufficient to cancel the panel order, but further efforts will aim to source more information on the initial inputs in panel manufacturing.

Top-down thematic engagement priorities (Listed Investments)

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 nature-related dependencies and impacts, measuring and reporting extent of exposures
- Company plans for mitigation

People (Human Capital and Equity, Diversity & Inclusion (E,D&I))

- Diversity (inclusive of gender, race & ethnicity) of senior management teams, boards and workforce
- Policies, processes and programs that create pathways for talent to advance
- Human capital management in the context of the cost-of-living pressures and health and wellness
- Human rights due diligence

Corporate Governance

- Global governance best practices
- Focus on Asian companies

Engagement activities and outcomes in 2023

We have continued to evolve our methodology for classifying different types of engagement activity to include reporting on:

- **Outreach:** defined as targeted contact with a company on a specific ESG issue. Outreach can be an effective means of raising awareness of Impax's perspective or expectations concerning a particular issue with a group of companies (a one-way communication). Outreach may also be used as a first step in establishing a dialogue with a company.
- **Dialogue:** defined as a discussion with, or response from, a company either by email or by meeting/call on a specific or range of ESG-related issues.

2023 Outreach

- Impax initiated **outreach with 93 companies in 2023**.
- Key topics addressed in outreach included: Cost of Living, Board Diversity, Biodiversity, Human Rights, ESG Disclosures and Climate-Transition Risk.
- As part of Impax's proxy voting process (detailed in Principle 12), Impax also conducted outreach to **104 companies** explaining our votes against management during the 2023 proxy voting season.

2023 Dialogues

- Impax undertook **158 engagement dialogues** in 2023 with **115 companies**.

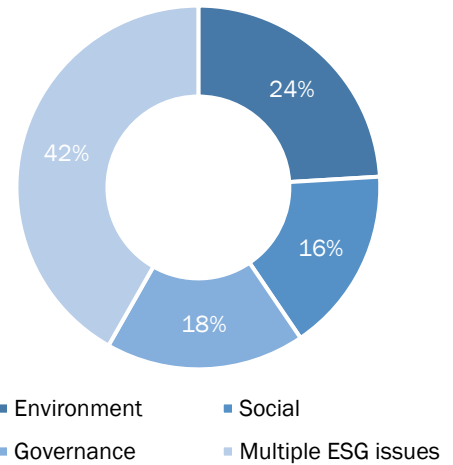
18% of engagement dialogues in 2023 were collaborative engagements. This was higher than in 2022, following a strategic review of our collaborative partnerships and membership in line with our thematic priorities, and multiple client collaborations on specific themes (see *Principle 10 for more detail*).

What we addressed in 2023 – engagement dialogue by theme

Over 40% of engagement dialogues in 2023 focused on **multiple ESG issues**. We often discuss multiple ESG topics in one engagement dialogue and have therefore incorporated this into our reporting in 2023.

We also continued our strong focus on **environmental issues**, predominantly focused on climate-related risks, both linked to transition and physical climate risks, in addition to an increasing focus on nature-related issues.

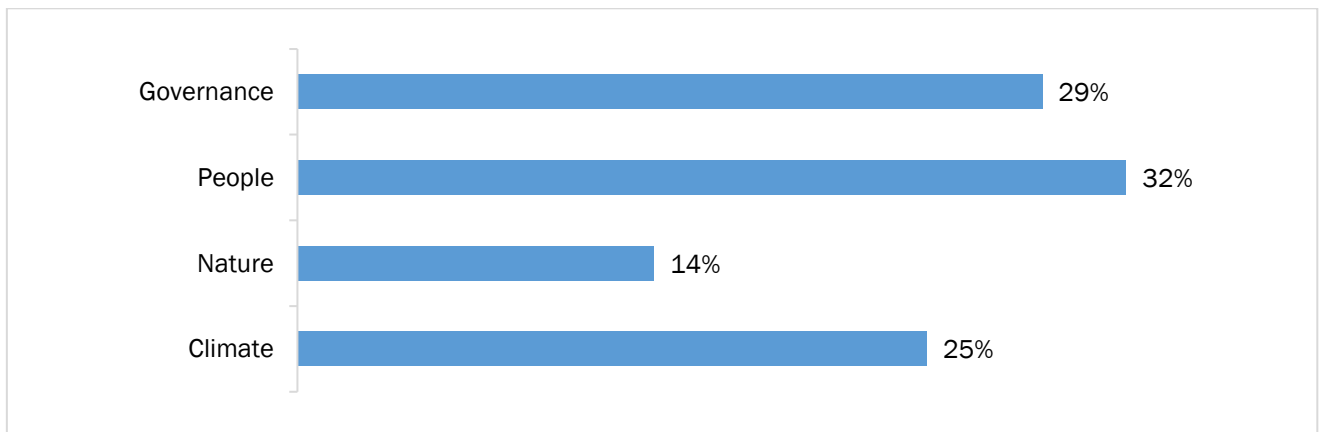
Contributing a similar proportion overall, **governance and social issues** often related to company-specific matters identified in our ESG analysis and proxy voting related items.



How we engaged in 2023 – engagement dialogue by theme

As discussed above, our top-down thematic engagement dialogues remained an important source of insight focusing on one or more of the strategic engagement themes for the year.

Proportion of engagement dialogues, by theme:



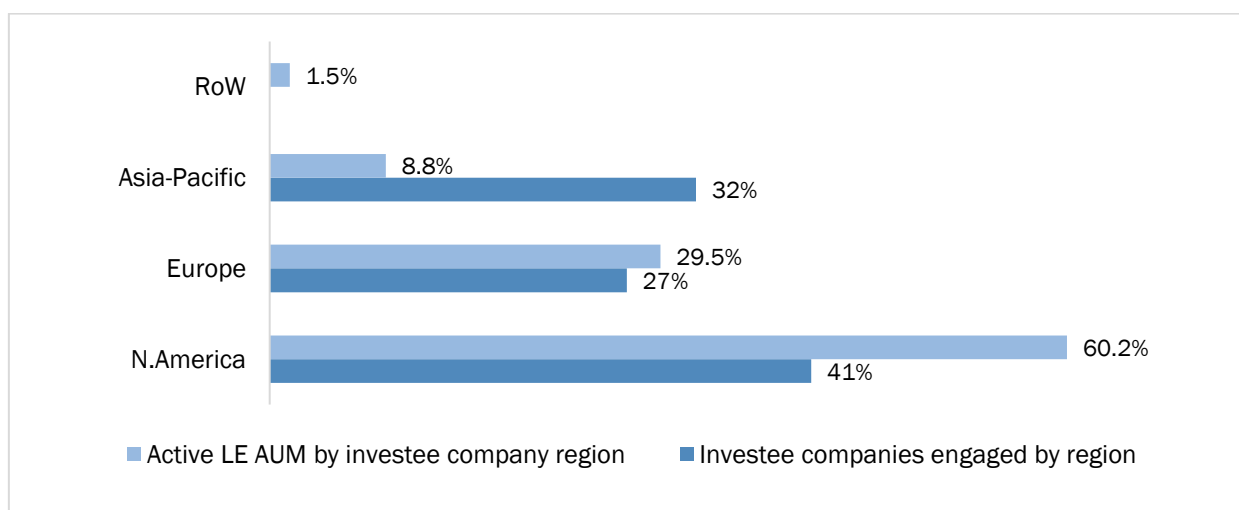
- **32% addressed People issues**
 - Human capital management
 - Leadership and workforce equity, diversity and inclusion
 - Human rights
- **29% addressed Corporate Governance issues**
 - Board independence
 - Executive compensation
 - Oversight of Sustainability/ESG risks
- **25% addressed Climate-related issues**
 - Net Zero transition
 - Target setting and roadmaps
 - Physical climate risks
- **14% addressed Nature-related issues**
 - Dependencies and impacts on nature
 - Waste and pollution

Collaborative engagements in 2023

Engagements are regularly conducted together with other investors and partners. Collaborative engagements are conducted across a number of ESG issues and specific sectors and companies. Collaborative engagements can be prioritised where outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated.

18% of engagement dialogues in 2023 were collaborative engagements. This was higher than in 2022, following a strategic review of our collaborative partnerships and membership in line with our thematic priorities, and multiple client collaborations on specific themes (see *Principle 10 for more detail*).

Where we engaged in 2023 by investee company region¹¹



The predominance of engagement dialogues with North American companies reflects more holdings in US companies in listed equities and fixed income portfolios. US companies have been more open to engagement dialogues in recent years. We hope to see this continue in an effort to strengthen investee processes, structures, transparency and resilience over time. The divisive political climate continued in the US in 2023, with pushback against the value of ESG factors and processes, with a particular focus on social issues. This has underscored the importance of maintaining engagement and stewardship activities with US companies. The relatively smaller proportion of engagements with European companies reflects the more advanced ESG practices within the region.

In 2023, we increased our focus on engagement with Asian companies, especially relating to governance, diversity and sustainability issues, led by our Head of Sustainability & Stewardship, APAC. The proportion of engagements with APAC-based companies now largely exceeds its relative positioning within our global LE AUM, given corporate governance practices and broader company ESG processes and disclosures are less mature in Asia versus typically more mature practices in Europe.

For our engagements in the last 12 months in Asia Pacific, we see companies moving in the right direction in terms of improving awareness and disclosures related to sustainability. However, the pace of each company depends on their performance as well as the regulatory pressure of the market they are based in. Getting access to some companies still proved to be challenging but some Asian companies are increasingly willing and able to undertake in-depth discussions on sustainability-related issues. In general, we have found that initiating engagement with Asian companies via collaborations, such as with the Asian Corporate Governance Association (ACGA) is most effective in building rapport and establishing contacts, and we then follow up with individual engagements over the longer term. We understand the nuances in Asian markets, which require different stewardship strategies. For example, the company specific engagement approach works effectively in markets such as Japan but for markets such as China, where sustainability in companies is often more compliance driven, a more systematic approach, combining advocacy with regulators and policy makers and engaging collaboratively with companies still appears most effective. The various ISSB consultations and adoption timelines issued by Asian regulators over the past year, which Impax has

¹¹ Active LE AUM as at April 2024.

actively responded to as discussed in Principle 4, have supported our engagement efforts to further raise awareness of evolving sustainability issues and emerging reporting requirements with Asian companies.

Engagement outcomes

As discussed in Principle 5, we are continuously evolving our engagement assessment and reporting approach to measuring the effectiveness of our engagements and progress in its many forms.

We noted progress in **63%** of the engagements undertaken with companies in 2023, directly related to the engagement objectives set. This included instances where:

- Company has acknowledged relevance/materiality of issue being raised; demonstrates growth in understanding of an issue;
- Company has committed to strengthen or adopt specific ESG policies, processes, targets or disclosures in a reasonable timeframe;
- Company has taken interim steps in support of the objective (e.g. systems or structures created/enhanced to measure performance)

We recognize that objectives focused on improving or implementing new policies, practices or processes, or adopting goals or targets typically take multiple dialogues with companies, often over many years. Hence the largest proportion of our engagement outcomes fall under the category of “some progress achieved” towards specific objectives.

We noted objectives achieved in **25%** of the engagements undertaken with companies. This included instances where:

- Company adopted or strengthened ESG-related policy, processes and/or targets
- Transparency is enhanced via public disclosures (e.g. CDP, TCFD, issue specific)
- Measurable improvement in performance (e.g. board diversity, GHG emissions)

We observed a higher proportion of engagements achieving their objectives where the primary objective focused on raising awareness of an ESG-related issue and sharing Impax’s perspective and/or improving our understanding of company-specific risks/opportunities. While we acknowledge that these types of engagements are more introductory in nature and are often easier to achieve, they also often serve as a basis for longer-term engagement and inform development of further objectives.

We are committed to attempting to identify where Impax has specifically driven or contributed to improvements in companies’ material sustainability processes and disclosures, through our stewardship efforts. We know this can be very difficult to measure and the most concrete cases tend to be linked to us filing shareholder resolutions and companies implementing changes as per the filing request or to deep, often longer-term engagements with smaller companies. In the reporting period this measurement or attribution was again difficult. We co-filed one shareholder resolution alongside two other investors in the reporting period, with **Elevance Health** and the objective was achieved. Impax was likely to have been influential in that case, together with the co-filers. In the reporting period we have had positive progress with other companies but have found it difficult to concretely attribute Impax’s role with the improvements. Some of these companies are described in the engagement examples below. We remain committed to assessing our influence in our engagements and will continue to consider approaches to measure and attribute this, as it can be informative of engagement effectiveness.

Engagement examples for 2023:

Listed Investments – engagement examples:

People

Company name: Cintas Corp

Sector: Industrials

Geographic region: United States

Engagement Theme: People (Human Capital Management and E,D&I)

Engagement Type: Individual

Engagement objectives:

1. Improve board diversity (progress, since 2022)
2. Understand cost-of-living impacts and pay practices across workforce (achieved, focus in 2023)
3. Disclose gender pay gap (ongoing)

In line with our proxy voting guidelines, we voted against the Chair and/or members of the Nomination Committee since we became a shareholder, due to low board gender diversity (22% in 2022 and 20% in 2023). On both occasions we communicated our votes against management to the company. Following previous engagement on human capital management and ED&I, Cintas was identified as a target for engagement in 2023 on cost-of-living impacts given the proportion of the company's lower paid workforce operating in countries of higher inflation.

The dialogue with Cintas covered the topic of cost-of-living challenges for employees, pay gap reporting, senior management and board diversity. The company shared its approach to these topics including details of internal training and development, positive recent global employee engagement survey, how external compensation data is gained and monitored, and goals for executive compensation.

Outcome: Cintas is aware of the low percentages for diversity on the board and senior leadership team and is working on improving the diversity of its talent pipeline. In January 2024, Cintas announced the appointment of a new independent female board director, bringing additional HR and legal expertise to the board, with a track-record in building differentiated, high-performance workforce cultures. The company also confirmed that it internally tracks pay gap data but does not report it externally for competitive reasons.

Next Steps: Impax will continue to track Cintas' progress on these topics, request public disclosure of pay gap reporting, and to continue to engage on these issues.

Company: Applied Materials

Sector: Information Technology

Geographic region: United States

Engagement Theme: People (Human Rights and E,D&I)

Engagement Type: Individual & Collaborative

Engagement objectives:

1. Understand the outcomes of the company's human rights saliency assessment, supplier due diligence process and resulting actions (achieved, focus in 2023)
2. Understand progress against ED&I goals and process for managing pay equity (achieved)
3. Disclose results of pay equity analysis (achieved, 2024)

Impax had multiple dialogues with the company over 2023 on topics related to physical climate risk, sustainability reporting, human capital, and human rights risk due diligence.

During our discussions, Impax raised the topic of pay equity, noting this was absent in otherwise comprehensive reporting from the company on E,D&I efforts and progress. The company explained their approach, noting that it conducts annual pay equity review, and we encouraged the company to disclose this in future reporting. We also conducted a collaborative engagement with another shareholder as part of the Investor Alliance for Human Rights (IAHR) initiative. The company was identified for human rights-related engagement given its low score in the World Benchmarking Alliance's corporate human rights benchmark.

Outcome: Positive and constructive dialogues with Applied Materials across multiple topics.

The company disclosed adjusted pay gap (pay equity) figures for its U.S. workforce following receipt of a pay gap reporting shareholder proposal. It also committed to annual disclosure on this topic beginning in the 2024 Sustainability Report and to expand the analysis to include women globally.

Regarding human rights, the company is looking to improve its risk management processes and disclosures in this area. Importantly, the company has implemented a revised human rights governance structure, including a newly formed working group that provides regular inputs to the board and has broad representation across different business functions. The company confirmed it has recently updated its human rights-related policies.

Next Steps: Impax shared human rights best practices from peer companies and the company agreed to review. Impax will review the company's next sustainability report and human rights-related disclosures before following up on engagement.

Climate

Company: LG Chem

Sector: Materials

Geographic region: South Korea

Engagement Theme: Climate

Engagement Type: Individual and collaborative

Impax has been engaging with LG Chem since 2019 on multiple ESG risks.

Engagement Objectives:

1. Establish improved ESG governance/oversight, including of climate-related risks (achieved)
2. Set science-based emissions reduction targets (in progress)
3. Develop robust net zero transition plan (in progress)

In the past 18 months, we have interacted with LG Chem seven times, a chemical manufacturer in South Korea, including one in-person meeting, two virtual meetings, three outreaches and attendance at the 2024 AGM. In our in-person meeting in Oct 2022, the company was reluctant to provide many details about its climate and environmental targets. Since then, we have continued to engage and explain our rising expectations on climate-related risks, both via email/letter outreach and meetings.

Outcome: During our engagement in September 2023, we were encouraged to hear that LG Chem has appointed two senior officers, a Chief Sustainability Strategy Officer (CSSO) and Chief Sustainability and Environment Officer (CSEO), to oversee sustainability-related issues, with their compensation directly linked to achievement in emissions reductions and improving performance on other ESG issues, including health and safety. These officers report directly to the Board ESG committee. The company confirmed that current emissions reduction targets cover only operational Scope 1 and 2 emissions but that the company has committed to set a science-based emissions reduction target based on a 1.5 degree pathway, in line with the science-based targets initiative (SBTi). The company also held its inaugural ESG conference in December 2023, which Impax attended virtually.

Next steps: Impax will continue to track LG Chem's science-based target setting, performance against reduction targets and development of its net zero transition plan.

Company: Generac

Sector: Industrials

Geographic region: United States

Engagement Theme: Climate

Engagement Type: Individual

Impax has been engaging with Generac since 2019 on multiple ESG topics. In 2022, we reached out to the company specifically on climate given its lack of emissions disclosures. In 2023, we followed up with the company as part of our priority outreach on climate resilience to discuss our voting guidelines on climate and increasing expectations in line with our Net Zero Asset Manager's commitment.

Engagement Objectives:

1. Collect baseline GHG emissions data (achieved, Scope 1&2 emissions, 2022; Scope 3, in progress)

2. Publicly disclose emissions data in Annual/Sustainability report (achieved, 2023)
3. Set science-based emissions reduction targets (in progress)
4. Develop robust net zero transition plan (not started)

Generac has engaged a third-party consultant to assess their global emissions and energy use. This established a firmwide process to collect baseline data across their operations, and calculate their Scope 1 and 2 emissions, in line with the GHG Protocol.

Outcome: Constructive dialogue with Generac and positive response to our feedback. In 2023, the company disclosed their Scope 1+2 emissions in their ESG report the first time. The company is currently developing ESG roadmaps by priority theme, and confirmed it is undertaking an in-depth assessment of their Scope 3 emissions in 2023. The company intends to disclose the outcome of this exercise, including more detailed scope 3 emissions data, in line with the TCFD framework, in their 2024 Annual/ESG report. While in the early stages of developing its climate risk management processes, the company is in the process of integrating climate-related considerations into its strategic planning, risk management cycles and governance structures across its products, operations and supply chains, in line with the TCFD framework. In addition, the company has established board level oversight, via the Nominating and Corporate Governance Committee, for its ESG strategy, including climate-related risks. A new senior director has been appointed to oversee the company's ESG strategy implementation, providing more dedicated resources.

Next steps: Generac are currently considering setting internal reduction targets and Impax encouraged the company to use the SBTi framework when considering setting both interim and longer-term net zero targets. We are continuing our engagement with Generac as they evolve their climate risk management processes and disclosures.

Nature

Company: Croda

Sector: Materials

Geographic region: United Kingdom

Engagement Theme: Nature

Engagement Type: Collaborative

Engagement Objectives

1. Understand Croda's process for assessing nature-related dependencies and impacts (achieved, 2023)
2. Disclose assessment of its nature-related dependencies and impacts, in line with the TNFD framework (ongoing)

Impax has engaged with Croda in recent years on its climate-related risk management. Given the nexus of climate and nature, a significant proportion of Croda's Scope 3 emissions relates to the sourcing of bio-based raw materials and demonstrating quantifiable carbon reductions at product level. In 2023, Impax broadened the focus of this engagement with a collaborative partner and Impax client to focus specifically on understanding the company's assessment of its nature-related dependencies and impacts. The company's nature-related initiatives are captured under the company's 'Land Positive' commitment.

Outcome: Positive ongoing dialogue with the company, with the discussion focused on the company's efforts to increase their use of bio-based raw materials, monitoring freshwater use and pollution impacts. The company is further enhancing its management of upstream supply chain data and discussed challenges with material sourcing and certifications, given their dependence on derivatives. Given the nature of their business, the company was keen to highlight its nature-related opportunities and progress against their target to bring, on average, two crop technological breakthroughs to market each year until 2030.

Next steps: We encouraged the company to use the TNFD framework to fully assess its nature-related dependencies, impacts, risks and opportunities, and to align their reporting with the TNFD. We will continue to engage on this topic.

Governance

Company: Vitasoy International Holdings

Sector: Consumer Staples

Geographic region: Hong Kong

Engagement Theme: Governance

Engagement Type: Individual

Engagement Objectives:

1. Improve board and sub-committee independence (in progress)
2. Address director over-boarding (in progress)
3. Improve board diversity (in progress)

Impax has been engaging with Vitasoy since 2018 on a range of ESG-related issues. In 2023, Impax had three dialogues with the company to further understand its governance practices as a family-owned business. Through these engagements, we shared our continued concerns regarding low independence of the board and at sub-committee level and the long average tenure of directors. The company acknowledged the issue of long tenure and over-boarding as well as some conflict of interests for some directors. In the meetings, we shared how we assess independence of directors and our expectations on the tenure and capacity of directors to better fulfil their duties. We also shared examples of how these improvements could lead to better financial performance over the long term from our experience in other markets.

Outcome: In our latest engagement, the company was more open to discuss board independence, diversity and the over-boarding issues, and more responsive to our feedback. The company has committed to reviewing board structures and is actively looking for suitable candidates to replace the longest tenured non-independent directors.

Next steps: We will continue to monitor changes to the company's board structure.

Additional engagement examples are provided in the sections below.

An important part of Impax's engagement work is also the monitoring of our investee companies and especially monitoring of how investee companies are coping with evolving events and challenges. In the last several years, there has been no shortage of challenges, with the pandemic, trade disruptions, inflation, war and increasing geo-political tensions, leading to an on-going chain of dialogue with companies as the circumstances have evolved.

Monitoring for investee company management of external events – pandemic and economic shocks

The complex global challenges during and following from the Covid-19 pandemic led Impax to conduct specific and evolving monitoring-focused engagements with investee companies particularly exposed to pandemic-related challenges. This was in order for Impax to understand how companies are managing and coping with the events that in many cases were very significant and largely unprecedented. But the purpose of these engagements was also to signal that Impax views these issues as highly important and highlight how companies can be more transparent in how they manage these complex issues. Please see below for more detail.

Covid-related health & safety engagement, spring 2020

In the spring of 2020, we engaged with a number of companies that had front-line employees in essential sectors, whose nature of work meant they needed to continue to be physically present and possibly getting exposed to Covid-19, while many other jobs had moved into remote work. We focused on companies within the food retail, utilities, and waste management sectors, asking how they ensured maximum staff safety. Companies explained how they set-up Covid-19 safety measures and procedures for staff and their procurement plans for masks and PPE. The situation at that time was generally highly uncertain, but we noted that investee companies were dealing reasonably well with the major challenge, although some reported frustrating delays to obtaining PPE, due to for instance their activity not being initially classified as "essential" within government emergency systems.

Covid-related financial and general employee support engagement, from summer 2020 onward

As the pandemic continued and evolved, we then did targeted engagements in the summer and autumn of 2020, asking how companies supported their staff during the pandemic, especially in terms of financial or healthcare support, including paid leave, healthcare service and employee engagement. Targeted companies were within communications, leisure, retail and healthcare services, within which some companies had been forced to furlough parts of staff. In general, the companies were providing satisfactory support to staff and we emphasized that we view it as important to support employees throughout the pandemic and for companies to be transparent around their approaches.

Post-Covid labour constraints engagement, early 2022

Once the Covid-19 pandemic started abating and the economy opening up, the next challenge for many companies was labour constraints, the difficulty retaining and hiring staff. We believe these challenges were reduced for the companies that had supported staff during the pandemic, although some sectors were structurally harder hit, such as leisure and hospitality. In early 2022, we engaged with companies in more labour-intensive industrial sectors or sectors requiring specialist employee skills, such as technology, especially in the US, where the "great resignation" was particularly felt and asked how companies are managing labour constraints, as well as asking companies to start disclosing on a number of key KPIs linked to human capital. Our observation was that companies were generally responding quite effectively and concretely, for example by looking for new sources and pools of talent, for example via new university partnerships and enhanced incentives and staff benefits.

Post-Covid health and wellness outreach, autumn 2022

In the post-Covid world, it has been acknowledged that mental health issues have soared, perhaps as a consequence from the unprecedented and prolonged social distancing that the pandemic caused. In the autumn of 2022, we reached out to over 140 companies, in what was intended as a one-way communication, in the US encouraging disclosure around employee health and wellness programs and support, including mental healthcare services, and family-friendly arrangements, like child and eldercare.

Post-Covid inflationary environment, cost of living crisis, engagement undertaken in 2023

The next iteration of this chain of engagements focused on companies in sectors with significant lower paid employees, operating in countries experiencing higher levels of inflation. This engagement sought to understand how companies are supporting employees, in a higher inflationary environment. Our outreach to 13 companies progressed to dialogue with 8 companies.

Outcomes: Companies have largely strengthened existing initiatives to offer further support to employees. We found that company policies/initiatives often differentiated by region:

- **Wages:** we found companies open to disclosing salary reviews, increases, pay benchmarking and agreed salary increases, living wage accreditation, particularly for employees on lower incomes and in relation to management pay. Some companies offered loans to employees on lower income levels.
- **Pay gap:** we continue to see a mixed picture on gender pay gap reporting, particularly across differing legal and reporting requirements in different jurisdictions. Very few companies are capturing ethnicity pay gap data (primarily US-based).
- **Employee benefits/support:** some companies introduced additional financial benefits and assistance for employees in 2023. These include company discounts, free meals, financial education and wellbeing, and emergency financial support. Companies alluded to the co-benefit of improved workforce demographic data has resulted in employees eligible for additional support identified more effectively. Companies also emphasised existing healthcare benefits/programmes and freezing premiums which include insurance cover, mental health, wellness and dental support and prescription plans.

Principle 10:

Signatories, where necessary, participate in [collaborative engagement](#) to influence issuers.

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, as discussed further in Principle 11. Collaborative engagements are conducted across a number of issues and specific sectors and companies. Impax will 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 an effort to reduce barriers or impediments, preventing companies from developing more resilient processes and transparency.

Observations and outcomes from collaborative engagements

About **18%** of engagement dialogues, with 24 investee companies in 2023 were collaborative engagements. This was higher than in 2022, following a review of our collaborative partnerships and memberships for better alignment with our thematic priorities, which led to Impax joining new collaborative engagement initiatives in 2023, within areas of nature, climate and human rights. Additionally, in 2023 we had multiple client engagement collaborations on specific themes, in particular focused on nature, climate transition and Net Zero.

For the first time this year, we had a few US companies express reticence regarding collaborative shareholder engagements and specifically stating that they are very comfortable engaging with Impax individually, but less so with a group of shareholders. This is likely linked to the political "ESG-backlash" in the US and some political actors flagging collaborative engagements, especially on climate as possible collusion. This is in stark contrast to other jurisdictions, such as the UK, where investor collaborations on systemic issues, such as climate, are welcome and not viewed as "anti-trust" or collusions. We do note that most if not all collaborative engagements now start with a statement that the participants are not working in concert.

Examples of collaborative, including systematic engagements across the four focus themes in 2023:

Systematic engagements combine company engagement and policy or regulatory advocacy.

Climate:

- **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. Over the last four years, three more institutional investors have joined the collaborative engagement, and we continue to engage with companies.

Following more detailed engagements with a smaller number of companies in 2021, in 2022 and 2023, we focused specifically on companies in the semiconductor industry. 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. The semiconductor companies we spoke with include analysis of the physical risks they face, and these are incorporated in risk management and planning processes. The companies noted that they do take steps to harden their facilities to create resilience, but declined to say what the specific steps taken were, beyond inclusion in risk management processes. They also said that they conduct scenario analysis, including "worst case" scenarios (self-described) without specifying how these might comport with more publicly available scenarios, like RCP 8.5. For those semiconductor companies whose operations might face increased risk of drought, they include severe drought in future planning/risk management scenarios, but do not report publicly on the measures they are taking to adapt to or increase resiliency to these risks. Overall, our impression was that semiconductor companies are aware of physical climate risks, but do not yet see them as top-tier matters for special attention or separate reporting.

In 2024, the investor group will focus on the utility industry, with an emphasis on adaptation and resilience.

As part of this engagement initiative, we also petitioned the US SEC in 2020 to require companies for more detailed disclosure on physical climate risks, including strategic geo-location data disclosure. We subsequently met with Chair Gensler and Commissioner Lee to discuss what we believed was most important for this rule prior to the proposed rule announcement, especially linked to physical climate risk and related strategic geo-location data disclosures. When the final rule came out in March 2024, the rule did include many of the issues we mentioned in our letter, such as reporting on physical climate risks. The final rule cited Impax's letter 24 times. We were pleased to see that physical climate risk was included in the final SEC rule, as well as in other newly emerging climate risk reporting regulations such as those of Singapore and the EU. However, we see a need for continuing engagement on this issue, as the SEC rule did not require physical risk reporting across the board, but only in the event that the companies themselves see physical risk as material.

- **Climate Transition Risk:** Additionally, Impax has been part of IIGCC's Net Zero company engagement initiative and client collaborative engagements have also focused on Net Zero in 2023. In 2023, Impax collaboratively engaged with **Linde**, a U.S. industrial gas and engineering company. The objective of the engagement was to gain greater clarity on the company's net zero transition plan, including science-based target setting, progress on Scope 3 emissions management, the company's decarbonization strategy and related capex plans. In early 2023, IIGCC and collaborating investors sent a letter to the company introducing the collaboration, its objectives and intention to engage. In autumn 2023, the investor group had its first meeting with the company.

The company has set near-term emission targets and is making good progress against its goal for reducing carbon intensity by 2028 by 35%. However, the company has not yet committed to a longer-term net zero target through the Science-based Targets initiative (SBTi), although it has a "Climate Neutral 2050" goal in place. We discussed progress on Scope 3 reporting given its existing target coverage excludes scope 3 emissions. The company confirmed that Scope 3 emissions are less than 40% of its overall emissions and its current focus is working with its major suppliers to set their own science-based reduction targets. In terms of capital, the company has a \$3bn budget in the US to retrofit steam methane reformers and existing hydrogen facilities with carbon capture technology.

Next steps: The investor group encouraged Linde to provide more detail on its longer-term decarbonization strategy beyond current 2028 targets. Linde intends to review their SBTi target (currently 2 degrees aligned) after publication of the sector guidance in 2024. The investor group plan to follow up with the company following publication of the sector guidance later in the year.

Nature:

- **Nature Action 100:** Impax became a signatory to the Nature Action 100 initiative led by IIGCC and Ceres. These collaborative engagements focus on companies' policies and actions regarding impacts on biodiversity. Impax is the lead shareholder in five of the NA 100 company engagements, which got underway in 2024. The initiative has established a set of six investor expectations pertaining to corporate ambitions, impact (assessment), targets, implementation, governance, and engagement with stakeholders.

People:

- **Board diversity**
 - **Japan:** Impax has been engaging with Japanese companies regarding gender diversity on Japanese company boards for many years. In 2022, 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 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. Ahead of the Japan proxy season in May 2023, Impax contacted all Japanese holdings emphasising our increasing expectations with respect to improving board and leadership diversity, followed up by a series of in-person and virtual

engagement meetings. In October 2023, Impax joined the Asian Corporate Governance Association (ACGA) Japan delegation, including multiple meetings with Japanese regulators, industry associations and companies. Impax co-hosted an in-person roundtable, with over 70 investor, corporate and NGO participants, which explored practical ways for improving gender diversity in management and boards of Japanese companies against government targets. Key themes discussed included quotas for gender representation; demand versus adequate availability of qualified female candidates; changing mindsets; unconscious bias training and data collection. Impax is continuing its engagement with companies and regulators in Japan on this important topic.

- **United States:** We continued our participation in the **Russell 3000 Board Diversity disclosure initiative**, led by the Illinois State Treasurer, that seeks improved disclosure of board diversity inclusive of gender, race and ethnicity as well as and the **Northeast Investors Diversity Initiative (NIDI)**, a coalition of institutional investors committed to increasing gender, racial, and ethnic diversity on corporate boards. Impax also signed Impax on to a letter coordinated by the **Thirty Percent Coalition** to 57 U.S. companies that lack sufficient levels of board diversity or fail to disclose overall board diversity.
- **Mental Health:** Impax signed on to letters to 100 UK and 100 global companies as part of a global coalition on workplace mental health, coordinated by CCLA. The letter described each company's ranking in the 2023 CCLA Corporate Mental Health Benchmark and included specific recommendations based on each company's recent mental health benchmark assessment. The CCLA Corporate Mental Health Benchmark aims to evaluate the extent to which employers provide the working conditions under which individuals can thrive.

Impax supported engagements with **Microsoft** and **UPS** as part of a collaborative engagement arising from the CCLA Corporate Mental Health Benchmark Global 100. Discussions were focused on the gap in public disclosure versus current mental health initiatives underway at each company. The next iteration of the Corporate Mental Health Benchmark will be published in 2024.

Governance & Climate

- Through its membership of the *Asian Corporate Governance Association (ACGA)*, Impax has been able to enhance its knowledge and understanding of Asian governance issues and more effectively engage with regulators and companies in the region regarding governance. In 2023, Impax continued its engagement with ACGA, with our Head of Sustainability & Stewardship, APAC, chairing the *China Working Group*, representing over 50 investors with more than US\$30 trillion in assets under management. The primary objective of the working group is to engage with regulators, companies and other stakeholders in China. In 2023, Impax is co-leading the company engagement group with **BYD Co**, comprising 20 institutional investors with approximately US\$10 trillion in assets under management. In November 2023, Impax and another Asia-based shareholder attended an in-person meeting at BYD's headquarters covering multiple ESG-related issues. BYD is aware of investors' concerns about slow progress of its climate-related reporting and governance practices. After the meeting, the engagement group agreed to prioritise future engagement objectives on three key issues: supply chain management, climate risk management and governance practices. The company has agreed to continue the engagement dialogue in 2024 and the engagement group intends to request a meeting with one of the directors.

The complete list of membership organisations that Impax is involved with, can be found in the Appendix.

Principle 11:

Signatories, where necessary, [escalate](#) stewardship activities to influence issuers.

When significant events occur, we may conduct ESG reviews more frequently and contact companies for further information and clarification. This may result in engagement, continued monitoring or even divestment. Impax has an escalation policy in place, in cases where the management of incidents is not progressing or where engagements are progressing more slowly than anticipated. Engagement progress can often be slow but causes for using escalation methods could be deteriorating access to management or their responsiveness or an investee company not acting on an improvement that was committed to.

If an investee company is unresponsive to engagement or we view, upon clarification with the management team, that the company is taking an approach that is significantly increasing shareholder risks and the company is unwilling to consider less risky approaches, we may escalate our activities as follows by:

- Seeking alternative or more senior contacts within the company
- Intervening or engaging together with other shareholders (collaborative)
- Intervening or engaging together with shareholders, industry organizations (multi-stakeholder)
- Advocating with standard setters or regulators (systematic)
- Highlighting the issue and/or joint engaging regarding the issue through institutional platforms
- Filing or co-filing resolutions at General Meetings

Ultimately, if the interventions are not successful and we consider that the risk profile of the company has significantly deteriorated or company strategy or 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 our expectations, the company would be excluded from our investable universe and/or sold.

There are regional differences in the use of escalation methods, from a practical, cultural, and also in some cases legal or regulatory perspectives. In the US market the preferred and well-established escalation method is filing shareholder resolutions and this is something that Impax has been doing for many years. This is much harder in Europe and Asia from a regulatory or legal perspective. Filing shareholder resolutions can be perceived as somewhat adversarial and a last resort method, especially from a non-US vantage point. After witnessing a sea change in the level of support and increase in supportive votes and approval rates of shareholder resolutions in the U.S. in 2021 and 2022, this trend reversed during the proxy voting season of 2023. Despite a record number of shareholder proposals having been filed in 2023, declining levels of support reflect the ongoing polarisation of the US market as it relates to ESG and sustainability issues and a continued increase in so called "anti-social" shareholder resolutions.

That said, shareholder resolutions will remain an effective tool for making progress with engagements and escalations with companies on critical environmental, social and governance issues. It is likely that the number of filings will continue to increase, but it is also likely that there may be an increase in the cases of shareholders raising the possibility of a filing as a way of getting companies focused on issues and committing to change.

In all regions, collaborative engagements can be helpful, but we are mindful that in Asian companies, good, long-term relations and trust, may be the best basis for success in engagements and escalations.

Examples of escalations in 2023:

Escalation through seeking alternative company contacts

People (board diversity)

- **LEM, Switzerland:** At the 2023 AGM, Impax voted against members of the Nominations Committee due to no female representation on the board, significantly below peers and the mandatory Swiss board diversity target of 30% by 2026.

Outcome: Impax shared our vote rationale following the AGM. During follow-up engagement, while the company acknowledged our concern on diversity, we decided to escalate the conversation to board level, requesting a meeting with the Chair of the board (also Chair of the Nominations Committee) to discuss the director nomination process and diversity considerations. The Chair confirmed that it is actively searching for suitable female candidates to be appointed at the 2024 AGM. Impax will continue the dialogue at board level until we see consistent improvement in board diversity.

- **Globe Life Insurance, USA:** In March 2023, Globe Life, a US insurance company, was mentioned in a press article which noted a number of serious allegations about workplace behaviour at a sales agency that exclusively sells Globe Life products. As a result, Impax reached out to Globe Life to request further information to discuss the allegations. However, the company was not constructive in its response and the company's broad unwillingness to engage on the topic stood out as highly unusual.

Outcome: After multiple unsuccessful attempts to get sufficient further information on the issue, an ad-hoc ESG review was triggered, which resulted in a downgrade to the ESG rating. Following a discussion between the lead analyst of the company, portfolio managers, the portfolio construction team and the Sustainability Centre, the decision was taken to exit the position.

Nature

- **Rayonier, USA:** Impax met several times with Rayonier to discuss the impact on biodiversity of a proposed titanium mine on company's land. A mining company was seeking to lease land from Rayonier to build the mine, which according to ecological assessments would have significantly damaged the ecosystem of the Okefenokee Swamp, the largest biodiversity reserve in the eastern US. Impax voiced concerns regarding the impact of mining in that area.

Outcome: The original engagement with representatives of Investor Relations yielded little in the way of information or a commitment not to lease land for the purpose of titanium mining, so we escalated the conversation with management. Impax spoke with the CFO of the company (became CEO in 2024), who confirmed that Rayonier did not intend to engage in any mining activities in the vicinity of the Okefenokee land.

Escalation Through Collaborative Engagement

People (health & wellness)

- **Healthy Markets Initiative:** In 2022, Impax joined the **Healthy Markets Initiative** coordinated by ShareAction, which aims to improve public health by ensuring healthy food and drink products are affordable and accessible to all. This initiative is part of the **Long-term Investors in People's Health (LIPH) programme**, which has a broader focus on improving workplace health, consumer health and community health. As part of this initiative, we have committed to joining collaborative engagements with target companies held within our portfolios.

In Q4 2022, Impax participated in the first engagement outreach to **Nestle**, requesting that the company set long-term targets to increase the sales associated with healthier foods and for clearer commitments on health. In January 2023, the company shared their intentions to set a target to accelerate sales of healthier products but fell short of committing to a proportionate increase in healthier sales (versus less healthy products). There was also no certainty on timelines for setting this target. Following this, ShareAction proposed filing a shareholder resolution on this issue and Impax expressed support for co-filing.

In early 2023, Impax signed onto a letter to the company stating the intention to delay the filing of the shareholder resolution pending further engagement between the company and the Healthy Markets Coalition (and co-filers), ahead of company setting its new sales target later that year.

Outcome: In September 2023, Nestle announced its healthy sales target following over 18 months of engagement. However, the investor group were disappointed by the lack of a proportional target, without which the sales of Nestlé's less healthy products could increase at the same or even at a greater pace as the healthy product sales. The company has also included products, that are not considered to be nutritious according to government endorsed nutrient profiling models, in its "nutritious" category.

In early 2024, Impax attempted to co-file a shareholder resolution, with the investor group, ahead of the company's 2024 AGM. Unfortunately, due to technicalities and unique Swiss legal requirements to file, we were unable to formally participate in the co-filing but pre-declared our support of the resolution ahead of the AGM.

Escalation through collaborative, multi-stakeholder and systematic engagement

Climate

- Impax views CDP's questionnaires as important sources of decision-useful and comparable climate data. Impax led engagements with four companies in 2022 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. **Indraprastha Gas Ltd**, 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. As one of our net zero "non-

aligned” company priorities, in line with our updated proxy voting guidelines, in 2023 Impax voted against the company’s members of the Audit/Risk committee for lack of response to engagement and progress toward improving its climate-related risk management. As per our escalation policy, we also sought other contacts at the company via multiple channels, including through broker relationships, our partnership with the Asian Corporate Governance Association (ACGA), and with a board member at the Securities and Exchange Board of India (SEBI). We have yet to receive a response or willingness to engage by the company and currently considering further escalation options, including divestment.

Principle 12:

Signatories actively exercise their rights and responsibilities

Shareholder rights

Robust shareholder rights ensure that investors are treated fairly and equitably, that management and boards are accountable to owners and that market participants have confidence in the integrity of the capital markets. Shareholder rights and their extent and detail will vary from one region or market to another. Some markets reward long-term shareholders or larger shareholders, with e.g. increased voting rights, but in general we are invested in the common shares of public companies, in the position of a minority shareholder, with “one share and one vote”. In general, we view the main shareholder rights to be:

- The possibility to attend general meetings and having voting rights;
- A degree of influence over company management selection and remuneration;
- The right to share in the company’s profitability; and
- Pre-emptive rights to newly issued shares.

Impax is an investment manager with a long-term investment horizon, constantly monitoring investee companies’ adherence of minority shareholders’ rights. We are engaging with companies to improve structures, processes and transparency pertaining to shareholder rights, following governance best practices.

Bondholder rights

As a specialist asset manager investing in opportunities arising from the transition to a more sustainable global economy, companies and underwriters seek input from Impax on eligible projects for green and social bonds, as well as the structuring features, disclosure and reporting for sustainability bonds. We encourage issuers to focus on projects and structuring features that support the development of solutions to environmental and social problems, such as climate change and inequality.

Impax also engages with fixed income issuers through collaborative engagements with other institutions and investors, particularly in cases where an issue is being escalated, as discussed in Principle 11. These engagements may take the form of written correspondence or meetings with company management. For example, in 2023, Impax participated in a collaborative engagement call with Kraft Heinz Company regarding transition risk. The company provided an update on the Science Based Targets initiative (SBTi) approval process, the evolution of Scope 3 reporting and measurement, its new deforestation policy and emissions reductions efforts in dairy. The company was open to another engagement call in the future.

During the structuring of a bond offering, Impax may have the opportunity to engage with companies and underwriters about the inclusion of certain terms and conditions. Impax focuses its engagement on the specific projects that qualify for the use of proceeds for green bond and social bond offerings, as well as the environmental and social performance indicators for green, social and sustainability-linked bond offerings.

Proxy voting approach at Impax

1. Principles

Proxy voting is the exercise of voting rights obtained by the firm in the course of its day-to-day investment activities in listed equities, deemed to meet Impax’s investment criteria. It is a key component in the ongoing dialogue with the

companies in which we invest. As such, proxy voting forms an important aspect of Impax's overall investment process.

Impax is committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates, where proxy voting has been delegated to Impax. Through the implementation of the proxy voting policy, Impax aims to enhance the long-term value of its shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in the companies Impax has invested in. Impax also aims to exercise voting rights on all shares held by Impax, where it is in the best interest of its clients and where excessive costs or administrative burdens are not present. It is our policy to vote in all shareholder meetings and on behalf of all investors who have granted the Impax voting rights.

Impax invests in companies in a variety of countries and markets around the globe each year. Each market has unique rules, reporting requirements, and ESG practices and standards. Impax aims to stay abreast of new and emerging issues in these markets, and how they relate to global best practices for ESG issues.

Main corporate governance principles that we expect from our investee companies:

- Creating sustainable, long-term value for stakeholders
- Protecting shareholder rights
- Maintaining high integrity corporate behaviour
- Ensuring an independent and efficient board structure
- Aligning corporate incentive structures and remuneration with long-term interests of shareholders
- Disclosing accurate, timely and transparent financial and corporate governance information
- Ensuring strong environmental and social performance and disclosures.

2. Environmental, Social and Governance considerations

Impax believes that well-governed companies are attentive to the material environmental, social and governance (ESG) concerns that affect shareholders and stakeholders. These companies actively engage with their stakeholders and consider the long-term implications of their actions with a focus on creating durable, sustainable value.

Our ESG criteria helps us identify well-managed companies; while stewardship helps us improve the environmental, social and corporate governance performance of the companies we invest in. Proxy voting is one of the ways we engage with investee companies. Impax seeks to vote proxies consistently with our Proxy Voting Guidelines, informed by our ESG approach, which we apply to all companies.

Our [Proxy Voting Guidelines \(impaxam.com\)](https://impaxam.com) outline how we vote in relation to board diversity and at companies that have weak climate risk management processes and disclosures.

3. Processes

Impax's 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, through the vote of management and shareholder resolutions. When we have voted against a significant resolution for companies in our active equity strategies, we will reach out to explain our voting rationale and the enhancements we would like to see. We are also in dialogue with investee companies throughout the year to discuss and comment on proposed governance structures and sustainability processes and disclosures by companies.

- Impax's proxy voting principles and guidelines are described in the Impax Proxy Voting Guidelines. The Proxy Voting Guidelines govern our voting activity and are informed by global governance best practices, and as well as by advisory governance and internal ESG research. We strive to review our Proxy Voting Guidelines annually.
- Impax uses a third-party voting platform (Glass Lewis) to facilitate the vote execution, reporting and record keeping. Impax also uses third-party service providers, including proxy advisor service and research providers, to help inform its analysis of relevant proxy issues and proxy votes.
- Impax applies its voting principles and guidelines with full consideration to a company's circumstances, following internal analysis.

- Where Impax’s proxy voting principles and guidelines or general corporate governance best practice principles are not met, we vote against a resolution and, for companies in our active equity strategies, we will reach out to explain our voting rationale and the enhancements we would like to see.
- Impax carefully assesses shareholder resolutions and tends to vote for resolutions that are reasonable and would strengthen governance structures, shareholder rights or sustainability objectives, processes and disclosures.
- Votes are cast on shares, where Impax does not consider legal, financial or technical constraints to be excessive or burdensome.

In Q1 2024, we identified an issue in the internal process, which failed to detect that the submission and receipt of ballots between Impax, the Impax Ireland Funds plc UCITS funds’ custodian, and our outsourced proxy voting service provider was not fully operational, following a change in fund custodian in July 2023. The conclusion, following detailed investigation, was that proxy votes representing Impax Ireland Funds plc UCITS fund range were not executed at any shareholder meetings between August 2023 and January 2024. Impax as a firm voted at all impacted meetings but the UCITS fund range was not represented.

This issue has been resolved and an enhanced control framework is being implemented as a matter of priority. This new control framework will enhance the reconciliation and exceptions reporting and further build out preventative and detection controls internally and with our third-party providers.

4. Disclosures

Proxy Voting Policy:

<https://impaxam.com/assets/pdfs/general-documents/impax-proxy-voting-policy.pdf?pwm=2249>

Proxy voting guidelines:

Impax Proxy Voting Guidelines:

[Proxy Voting Guidelines \(impaxam.com\)](#)

Proxy voting activities and outcomes reporting 2023:¹²¹³

[proxy-voting-activity-significant-votes-2023.pdf \(impaxam.com\)](#)

<https://impaxam.com/impax-funds-us/proxy-voting/>

Client communications:

Impax regularly discusses and reports its stewardship policies and/or activities with its clients.

All related public disclosures can be found here:

<https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

The role of proxy advisors

Impax uses the services of proxy advisors and the proxy voting platform to manage and execute its proxy voting work. We assess the proxy advisor’s voting recommendations, but ultimately vote according to our publicly disclosed proxy voting guidelines. Impax does not vote automatically following the proxy advisors’ recommendations. There are however voting resolutions that are hard to set a specific policy or guideline on and that require to be assessed on a case-by-case basis. These would be for instance items concerning management compensation. For these items we assess the proxy advisor’s analysis and recommendations, whether the structure or instruments used contain any major flags, what the history of compensation is especially regarding the alignment of performance and compensation. In the case of financial, M&A related, or otherwise unusual or complex items, we will engage with the company lead analysts.

¹² Impax defines “significant votes” as those votes that are not just purely procedural, but that are material in describing a company’s financial position, corporate governance profile or other corporate structures or processes (whether votes are cast FOR or AGAINST management). This disclosure applies to funds managed by Impax Asset Management Limited, Impax Asset Management Ireland Ltd, Impax Asset Management (AIFM) Ltd.

¹³ Impax Funds are a US mutual fund range with independent governance.

Impax most recently updated its Proxy Voting Guidelines in the autumn of 2023. There were discussions about capturing the updated guidelines correctly in the proxy voting platform and in the on-going voting process. We also give feedback to the proxy advisory firm when we believe the “Impax voting policy recommendation”, following our voting guidelines, does not seem to be correctly reflected in the voting platform.

The voting platform also allows us to monitor effectively for instances of share blocking in companies in certain markets, especially Switzerland and Norway, and alert the investment team. Our approach as long-term investors is to vote for all shares, but it is important that the blocks and time periods involved are well understood, especially in case of specific circumstances with the companies.

Impax reviews the proxy advisory firms at least annually, especially to discuss possible process and reporting efficiency improvements, but also to discuss any significant changes to the proxy voting policies of the service provider. In 2023, the review discussion focused mainly on any developments in regional or type of diversity recommendations, as well as changes to depth of coverage around ESG metrics in compensation and determination of auditor independence. We review the voting outcomes and whether votes have been cast, on an on-going basis.

Evolving client proxy voting objectives and dialogue

Impax is committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates, where proxy voting has been delegated to Impax. Through the implementation of the proxy voting policy and proxy voting guidelines, as described above, Impax aims to enhance the long-term value of its shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in the companies Impax has invested in.

We are pleased to note that general investor interest in proxy voting has increased significantly over the last years, a trend we believe will continue. The increased interest to date has been primarily manifesting itself in more detailed and more frequent reporting requests on Impax’s proxy voting. To date we have observed limited client interest in enhanced access to proxy voting arrangements, most of those inquires have been by Australian clients, but we note a lower level of debate on these topics in 2023, compared to a few years ago.

Impax’s positions on:

- **Enabling clients to share voting policies:**

Impax is open to discussions relating to clients’ voting policies and approaches and would enable and welcome clients sharing those; indeed, this does already occasionally take place. We do however believe it is important that our voting decisions are consistent and follow the Impax Proxy Voting Guidelines, as expected by our clients, for consistency and transparency. Our voting decisions should not be unduly influenced by individual clients’ views, recommendations or policies. Principle 3 focuses on conflicts of interest and we seek to minimise risks of conflict between client interests in our voting, by voting consistently in line with our publicly disclosed voting guidelines.

- **Facilitating client-led voting in pooled funds:**

We have explored the possibility of doing this with our proxy advisory firm and have been given reassurance of the technical feasibility and possibility of enabling client-led voting in pooled funds in the future. We do however understand from comments by the Department for Work and Pensions (DWP) that there may be some legal and operational issues with client-led voting in pooled funds, which may complicate implementation and would need to be closely considered.

An important consideration of client-led or -directed voting is also the potentially reduced influence on the underlying companies through voting, the very tenet of stewardship and active ownership. We believe investment managers can best deliver on investment and stewardship objectives for clients when all stewardship activities are pulling in the same direction.

- **Facilitating forward looking discussions on voting intentions on pre-selected resolutions/significant votes:**

We are willing to accommodate client dialogue as much as is practical. This may be in the form of higher-level previews of anticipated issues, new voting principles or policies or new themes (like Impax’s view on “Say on

Climate” or hybrid AGM models) ahead of an upcoming proxy voting season. We can flag particularly complex or contested votes to clients, on a case-by-case basis.

- **Allowing clients to override any specific votes:**

We can accommodate this through split-vote arrangements or other mechanisms allowing clients to override specific votes directly with their custodian for the shares they hold.

We welcome enhanced dialogue with clients on proxy voting in general, collaboration on proxy related engagements and stewardship more broadly. We are open to exploring enhanced client-led voting in the future. While we view enhanced access to proxy voting as a positive step in general, for increased client voice, we are also noting the possible erosion of influence on investee companies, potentially leading to less positive stewardship outcomes, an important trade-off to consider as well. Finally, and for context, to date we continue to hear from many clients that they do not have the time or resources to implement voting or voting policies themselves, but we understand this may be changing.

Global voting statistics in 2023

Impax Asset Management - Firm-wide Proxy Voting Statistics - Calendar year 2023	Impax total
Total number of meetings where it was possible to vote	990
Number of meetings in which IAM voted	990 ¹⁴
Number of meetings in which IAM voted (as a percentage)	100% ¹⁵
Number of management resolutions in which IAM voted	13,277
Number of management resolutions in which IAM voted <u>against management</u> (i.e. <i>against</i> and/or <i>abstained</i> and/or <i>withheld</i>)	1,264
Number of management resolutions in which IAM voted <u>against management</u> (i.e. voted <i>against</i> and/or <i>abstained</i> and/or <i>withheld</i>) as a percentage of management resolutions voted	9.5%
Number of shareholder resolutions in which IAM voted	406
Number of shareholder resolutions in which IAM voted <i>for</i> i.e. <u>against management</u>	274
Number of shareholder resolutions in which IAM voted <i>for</i> i.e. <u>against management</u> (as a percentage of shareholder resolutions voted)	67.5%

¹⁴ The number of meetings in which Impax was eligible to vote in 2023 decreased relative to 2022 due to a reduction in the number of holdings in our Systematic Strategies.

¹⁵ As discussed in Principle 12, in Q1 2024, we identified an issue in the internal process, which failed to detect that the submission and receipt of ballots between Impax, the Impax Ireland Funds plc UCITS funds’ custodian and our proxy voting service provider was not fully operational, following a change in fund custodian in July 2023. The conclusion was that proxy votes representing Impax Ireland Funds plc UCITS fund range were not executed at any shareholder meetings between August 2023 and January 2024. This issue has been resolved and an enhanced control framework is being implemented as a matter of priority. As shown above, at the meeting level, Impax voted 100% of meetings, but the UCITS fund range was not represented at impacted meetings.

Trends

In 2023, a record number of shareholder proposals were filed across ESG topic areas, but overall support was down, particularly for climate-related proposals. However, proposals relating to ‘people’ issues were more positively received by shareholders, a reflection of changing labour and workforce dynamics that began to emerge during the pandemic.

Impax’s overall support for shareholder proposals decreased again in 2023 to 67.5% (74.6% in 2022) due to a high number of shareholder proposals filed by proponents expressing skepticism of the value of a company’s efforts to address ESG related risks and opportunities, particularly concerning social issues. Similar to last year, while some of these proposals addressed topics that we would generally be supportive of under normal circumstances (such as board diversity and racial equity audits), a careful review of the supporting statements revealed that the proponents’ goals were to undermine, rather than strengthen or enhance, a company’s ESG efforts. While these proposals averaged less than 3% support in 2023, demonstrating investors do not support the agenda promoted by these proponents, we expect variations of these negative proposals again in 2024.

Our approach to shareholder proposals continues to be recognised, with Impax ranking joint second in ShareAction’s “[Voting Matters Report](#)” for consistently voting in key environmental and social shareholder proposals in 2023.

Proxy Voting Statistics by region – Calendar year 2023	Number / % of meetings voted	
APAC	205	20.7%
Europe	333	33.6%
North America	424	42.9%
Rest of World ¹⁶	28	2.8%
TOTAL	990	100.0%

Proxy Voting Statistics by region – Calendar year 2023	Management Proposals		
	Total Voted	Votes Against Mgmt.	% Against Mgmt.
APAC	1,613	233	14.4%
Europe	6,375	510	8.0%
North America	5,022	460	9.2%
Rest of World	267	61	22.8%
TOTAL	13,277	1,264	9.5%

It is notable that votes against management resolutions are higher in Asia and Latin America (included in *Rest of World* above), a reflection of the relative immaturity of governance codes and structures in these regions. Here we note significant numbers of votes against board directors, due to lower levels of board independence, lack of diversity, director’s over-commitment and participation in sub-committees that should be 100% independent, such as the audit or remuneration committees.

Following the 2023 proxy season, Impax conducted outreach to 104 companies explaining our votes against management. The outreach is an important component of our proxy voting process, providing an opportunity to remind companies of the expectations outlined in our Proxy Voting Guidelines and to highlight company-specific areas of concern (primarily relating to board composition and structure and executive compensation). The outreach, primarily intended as a one-way communication, yielded a 22% response rate.

Examples of voting outcomes in 2023:

Management Proposals:

- At **Prologis’** annual meeting, Impax voted against the advisory vote on executive compensation due to concerns regarding the quantum of pay and structure of the incentive programs. The advisory vote failed to garner majority support. Impax conveyed the concerns driving our vote decision to the company after the meeting. Following engagement with shareholders, in 2024, Prologis announced changes to the structure of

¹⁶ Rest of World (ROW) includes Africa, MENA, Latin America and the Caribbean.

the compensation program that include a simplified LTI program and a cap on the CEO's total annual compensation.

Shareholder Proposals:

- Overall, we supported 50 Climate-related shareholder proposals (covering topics such as Transition Risk Reporting, Emissions Reductions Targets, Say on Climate, Fossil Fuel Financing, Lending & Underwriting, Alignment with Paris Agreement and Just Transition Reporting) and 60 People-related shareholder proposals (covering topics such as Human Rights, Pay Gap Reporting, Racial Equity, ED&I Reporting, Hiring Practices and Health & Wellness Benefits) in 2023. Five of the People-related proposals we supported earned majority support—at McDonalds, Dollar General, Expeditors International of Washington, Kroger and Starbucks.
- At **Dollar General's** annual meeting, 67.7% of shareholders, including Impax, supported a proposal requesting that the company commission an independent third-party audit of worker health and safety. Following the annual meeting, Impax signed on to an investor letter to the company encouraging it to conduct the audit. Subsequently, at the direction of Dollar General's General Counsel and with oversight by the Board, the company engaged an independent third party to conduct the audit and published a related report in April 2024.

Examples of Impax filing shareholder resolutions in 2023

Racial Justice

- **Elevance Health**

In the US, the COVID-19 pandemic and calls for racial justice have brought issues relating to health equity into sharper focus. In late 2022, Impax co-filed a shareholder proposal at **Elevance Health** - a provider of health insurance - requesting that it conduct an independent civil rights audit. We believed a third-party assessment of its relevant policies, practices, products and services could be valuable in helping it to examine and improve its total civil rights impacts.

Outcome: The company discussed the proposal with proponents throughout 2023, focusing on its health equity commitment and internal E,D&I initiatives. The company agreed to engage an independent third-party to conduct a health equity assessment, focusing on whether Elevance Health's service offerings are leading to equitable outcomes that improve health for all, regardless of age, race, ethnicity, sexual orientation, gender identity, disability, where they live and/or their financial status. Elevance Health met with the proponents several times over the course of the assessment in 2023 and intends to publish the final assessment report on its website in 2024.

APPENDIX

Impax memberships

- **Asian Corporate Governance Association (ACGA):** An independent organisation dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia.
- **CDP:** An independent organisation holding the largest database of corporate climate change information in the world.
- **Ceres:** An organization working with investors and companies to build sustainability leadership and drive solutions throughout the economy. Ceres addresses topics climate change, water scarcity and pollution, and human rights abuses.
- **Climate Financial Risk Forum (CFRF):** Industry organisation Convened by the FCA and Bank of England/PRA to share best practice on climate risk.
- **Coalition for Climate Resilient Investment (CCRI):** A private sector-led organization developing tools, solutions and financial instruments to support integration of physical climate risks in investment decision-making.
- **Confederation of British Industry (CBI):** A membership organization for over 190,000 UK businesses.
- **Council of Institutional Investors (CII):** Promoting strong governance and shareholder rights standards at public companies.
- **Energy Transitions Commission (ETC):** Energy transition focused think tank with membership from industry and NGOs.
- **FAIRR:** Initiative promoting more sustainable farming and food production practices.
- **Finance to Accelerate the Sustainable Transition-Infrastructure (FAST-Infra):** Aims to develop a consistent labelling system for sustainable infrastructure investment.
- **Financing a Just Transition Alliance (FJTA):** Identifies the role finance can play in connection action on climate change with inclusive development pathways.
- **Finance Sector Deforestation Action (FSDA):** Collaboration to unite organisations around a shared engagement approach to tackling deforestation and other climate and nature-related initiatives.
- **Glasgow Financial Alliance for Net Zero (GFANZ):** Unites net-zero financial sector-specific alliances from across the globe into one industry-wide strategic alliance.
- **Global Impact Investing Network (GIIN):** The largest global community of impact investors (asset owners and asset managers) and service providers engaged in impact investing.
- **Global ESG Benchmark for Real Assets (GRESB):** Industry-led organisation that provides environmental, social and governance data to financial markets.
- **Institutional Investors Group on Climate Change (IIGCC):** A forum for collaboration on climate change for European investors.
- **Interfaith Centre on Corporate Responsibility (ICCR):** Network of shareholders engaging companies on ESG issues.
- **International Corporate Governance Network (ICGN):** Advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment.
- **Investor Environmental Health Network (IEHN):** Conducts analysis and investor engagements on environmental topics.
- **Investor Network on Climate Risk (INCR):** Partners with investors worldwide to advance investment opportunities and reduce material risks posed by sustainability challenges such as global climate change and water scarcity.
- **Investors Against Slavery and Trafficking, Asia Pacific (IAST APAC) Initiative:** An investor-led, multistakeholder project to engage with companies in the Asia-Pacific region to promote effective action in finding, fixing and preventing modern slavery in operations and supply chains.
- **Long-term Investors in People's Health Initiative (LIPH):** Giving investors the tools to improve health outcomes by sharing best practices and creating opportunities to collaborate on corporate engagement.
- **Natural Capital Investment Alliance (NCIA):** A central hub for global corporations and financial institutions seeking to scale-up their investments into Natural Capital, in support of biodiversity restoration.
- **Nature Action 100 (NA100):** A global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.
- **Net Zero Asset Managers Initiative (NZAM):** An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 °C.
- **Northeast Investors Diversity Initiative (NIDI):** An organization working to achieve greater board diversity among companies headquartered in the US Northeast through collaborative engagements with institutional investors.
- **Principles for Responsible Investment (PRI):** Aims to help investors integrate ESG considerations into investment decision making and supports sharing best practice in active ownership.
- **Race at Work:** Part of BITC Business in the Community, The Prince's Responsible Business Network, the initiative seeks to accelerate change through five calls to action for organisations to improve equality of opportunity in the workplace.
- **ShareAction Investor Decarbonisation Initiative:** investor initiative to accelerate corporate action on climate change.
- **Shareholder Rights Group:** Working to acquaint regulators and the public with the purpose and value of engagements.
- **Spring:** A PRI stewardship initiative for nature, convening investors to use their influence to halt and reverse global biodiversity loss by 2030.
- **Sustainable Investment Institute:** A non-profit organisation conducting research and publishing reports on organized efforts to influence corporate behaviour on social and environmental issues.
- **Taskforce on Climate-related Financial Disclosures (TCFD):** Develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.
- **Taskforce on Nature-based Financial Disclosures (TNFD):** Initiative developing a framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.
- **The Investing and Saving Alliance (TISA):** A not-for-profit membership organization with a mission to improve the financial wellbeing of UK consumers and help shape the future of UK financial services industry.
- **Thirty Percent Coalition:** Institutional investor initiative for improved US corporate Board diversity

- **Transition Plan Taskforce (TPT):** Aims to develop the gold standard for private sector climate transition plans.
- **UK Stewardship Code:** The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.
- **UK Sustainable Investment and Finance Association (UKSIF):** Provides services and opportunities to align investment profitability with social and environmental responsibility.
- **The US Forum for Sustainable and Responsible Investment (USSIF):** A US based membership association promoting sustainable, responsible and impact investment.
- **Women's Empowerment Principles:** A set of Principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community.
- **Women in Finance:** Commitment by the UK's HM Treasury to build a more balanced and fair industry, seeing to see gender balance at all levels across finance services firms.

This report has been reviewed and approved by:

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