



# Proxy Voting Guidelines

## Impax Asset Management

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2026

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## Impax Asset Management Proxy Voting Guidelines – 2026

Proxy voting is a key component in the ongoing dialogue with companies in which Impax invests. We are committed to ensuring consistent exercise of voting rights associated with shares held in investment mandates where proxy voting has been delegated to us. Through implementation of our voting policy, we aim to enhance the long-term value of our shareholdings and to foster corporate governance best practices.

Impax has developed a Governance Framework, as part of our Corporate Resilience Analysis, which is informed by our interpretation of common and global best practices, and we evaluate the extent to which companies' governance structures align with those global best practices. Where companies appear to deviate from best practice, we engage with the companies and may vote against a management resolution. Where we have voted against or abstained on non-routine items we endeavor to inform a company of our voting rationale.

Impax uses a third-party electronic voting platform and assesses information from service providers, including proxy advisory service providers and research providers, to inform our analysis of proxy issues. However, we ultimately determine our voting based on our own Governance Framework and Corporate Resilience Analysis and engagement.

### The pillars of good governance – at the core of proxy voting and the Impax Governance Framework

Impax has identified six pillars underpinning the principles of good governance:

- **Accountability** – governance structures must delineate responsibility for decision making within the organisation. For public companies, the board is ultimately answerable to shareholders and other stakeholders for its strategy and success. It must therefore accept responsibility for the company's activities and be able to give a full and fair 'account' of the company's position to its stakeholders.
- **Oversight** – a company's governance structures dictate how management are supervised. This is one of the primary roles of the board. In order to monitor executives and evaluate their performance, the board must provide objective oversight of management for stakeholders.
- **Efficiency** – modern companies are complex organisations which need to be governed by high caliber people with a diverse range of relevant experience, expertise and skills. In this context the board's other major role is to advise and support management. In addition, they need to establish efficient processes and robust structures to manage the company's operations. Both in conjunction are necessary to pursue the company's strategy effectively, enable better decision making and allocate capital efficiently.
- **Alignment** – The need for governance arises out of the ownership structure of public corporations. Unlike other entities such as partnerships, owners and management of a public company are distinct, creating a potential misalignment of interests leading to 'agency costs.' This is the 'principal-agent' problem. One of the basic aims of corporate governance is to ensure that management acts in the interests of shareholders and other stakeholders, through the use of incentives and controls.
- **Transparency** – there is a natural information asymmetry between management of a company and its stakeholders, which creates agency issues by providing scope for executives to use their information advantage to further their own interests. Comprehensive, fair disclosure of information to the market reduces this asymmetry, enabling shareholders to evaluate the performance of a company or management team more effectively. The quality of a company's accounting and reporting is key to this.
- **Responsibility** – companies have a responsibility to their shareholders and other stakeholders. Governance structures should cultivate a healthy culture within the firm and ensure that boards and executives act responsibly and with integrity, balancing the needs of the company's primary stakeholders and managing its material sustainability risks adequately to create sustainable long-term value.

### Voting guidelines for global investments

Governance structures in public companies are today strongly influenced if not directly governed by the domestic market governance codes, rules, regulations and common practices. Impax is generally advocating for a move to "global governance best practices," as most public companies are international in nature, and improved and more globally harmonised governance practices and quality would be beneficial for all investors and stakeholders in public companies.

This is, however, not reality today, hence the local market circumstances must be taken into account in proxy voting guidelines and decisions.

These voting guidelines are focused on the main principles for Impax's voting decisions for developed and developing markets. It focuses on the most relevant voting issues and aspects that we encounter when voting and are informed by the various Corporate Governance Codes and Impax's internal Governance Framework. It is not an exhaustive list of topics but rather focused on voting items that Impax encounters in the on-going proxy voting work and is **focused on voting situations where Impax would in principle be voting against or withholding votes.**

There are six main areas for voting, all described in these guidelines:

- Boards and director elections
- Shareholder rights
- Management remuneration
- Internal controls and operational matters
- Mergers & acquisitions and capital structure
- Sustainability issues

## A Note About Registered Investment Companies

The Impax Funds may invest from time to time in shares of other investment companies that are registered under the Investment Company Act of 1940 (the "1940 Act"). The 1940 Act regulates investment companies through a broad array of structural and operational limitations that differ vastly than the requirements imposed on public operating companies. For instance, investment companies are not required to hold annual shareholder meetings, which is the forum under which shareholder proxies most often arise for public companies. Additionally, the 1940 Act requires that specified percentages of a registered investment company's board of directors be persons who are independent of the investment company's adviser, and that all investment contracts be approved on an annual basis by the board of directors, including a majority of the independent directors. These differences in structure and regulation mean that while many of the guidelines set forth herein will apply to both public operating companies and registered investment companies, some of them will not. Those differences in application are specifically noted throughout these guidelines.

### 1. Boards and director elections

The role of the board is to provide oversight and accountability to the management teams. Hence, boards need to be effective, have sufficient independence and diversity of experience, background, tenure, gender, and when applicable, race and ethnicity.

These are the main areas of focus for proxy voting relating to boards and directors, and subject to our discretion, Impax will in generally vote against or withhold our vote for a director, a director in a specific role of the board or the slate of directors in the following circumstances:

Board independence<sup>1</sup>:

- Less than 50% independence of directors– USA, Europe, including UK, Australia and Canada\*
  - ⇒ Vote against Chair of Nomination Committee (or best equivalent director/s)
- Less than 33% independence of directors - Asia, incl. Japan and rest of world (Emerging Markets)
  - ⇒ Vote against Chair of Nomination Committee (or best equivalent director/s)

Board sub-committee independence and issues:

- Executives present in key board sub-committees (audit, remuneration, nomination)
  - ⇒ Vote against the director in question or best equivalent director/s
- Lack of key board committees (audit, remuneration, nomination)
  - ⇒ Vote against the Chair or best equivalent director/s
- Lack of independence of key board sub-committees\*:

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<sup>1</sup> These are excluding any Employee Representatives on a board

- ⇒ Audit Committee (<100% and/or no independent chair)
- ⇒ Remuneration Committee (<67% and/or no independent chair)
- ⇒ Nomination Committee (<50% and/or no independent chair)
- Vote against the non-independent director/s in question

#### Audit or audit committee issues:

- Accounting irregularities, such as a material weakness in internal controls or a restatement, have been identified in the last year
- Insufficient rotation of the auditor (auditor tenure exceeds 50 years or deviates from local code or regulation)
- Lack of audit transparency or disclosures
  - ⇒ Vote against Chair of Audit Committee
- Board of Statutory Auditors
  - ⇒ <50% independence
    - Vote against the non-independent auditor/s

#### Remuneration or Remuneration committee issues

- Insufficient response to low shareholder support for advisory vote on compensation
  - ⇒ Vote against Chair of Remuneration Committee
- Insufficient response to a failed advisory vote on compensation
  - ⇒ Vote against members of Remuneration Committee
- The compensation structure and/or disclosure significantly deviates from market practice
  - ⇒ Vote against Chair of the Remuneration Committee

#### Board tenures, structures, director performance, over-boarding or attendance:

- Board entrenchment: While a variety of director tenures can be beneficial to the board, lengthy tenure may compromise independence. Where board refreshment and succession have been inconsistent, e.g. average board tenure is >10 years and no new directors added in the last 3 years
  - ⇒ Vote against Chair of Nominations Committee (or best equivalent director/s)
- Introduction of combined CEO/Chair role
  - ⇒ Vote against Chair (or best equivalent director/s)
- Introduction of a classified or staggered board structure
  - ⇒ Vote against Chair (or best equivalent director/s)
- Non-independent Chair or combined CEO/Chair roles, with no Independent Lead Director
  - ⇒ Vote against Chair (or best equivalent director/s)
- CFO serving on their own board (in countries where this is not the norm)
  - ⇒ Vote against director in question
- Board size: Manageable and effective boards have between 6 and 15 directors. Where a board has significantly increased or decreased in size (especially where independence has declined) without adequate justification
  - ⇒ Vote against the Chair (or best equivalent director/s)
- Over-boarding: Impax defines over-boarding as being a director of more than 5 boards of public companies and/or being a public company senior executive and being on more than two outside public boards.
  - ⇒ Vote against the director in question
- Attendance: attending less than 75% of board meetings in the previous year, without adequate explanation\*
  - ⇒ Vote against the director in question
- Performance: Directors that have been at other corporations where there have been significant financial, environmental, social or governance failures
  - ⇒ Vote against director(s) in question

#### Sustainability Risk Oversight:

- Boards should have clearly defined and disclosed oversight responsibilities for sustainability issues that are material to the business. Where such oversight is not present (North America, Europe; Market Cap >\$15bn)

⇒ Vote against Chair

- Major environmental, social or governance failures or acts of fraud have occurred but have not been sufficiently addressed by the company
  - ⇒ Vote against Chair and Chair of the relevant Committee
- The board does not take steps to implement a shareholder resolution that receives significant support
  - ⇒ Vote against the Chair and the Chair of the relevant Committee

#### Board Composition - diversity:

Impax views diversity of thought, experience and background as key attributes of a well-functioning board, including those based on gender, race, and ethnicity. As disclosure allows, we may consider additional aspects of diversity. In our assessment of board composition, Impax may consider recent progress in increasing board diversity or disclosure, and whether there is a credible plan to improve board diversity. Accordingly, Impax considers the below in light of the facts and circumstances of the particular investee company.

- Gender representation on board (developed markets, ex- Japan): Gender balance of at least 33% women or aligned with local governance codes and regulation.\*
  - ⇒ Vote against Chair of the Nominations Committee (or best equivalent director)
- Gender representation on board (Japan): Gender balance of at least 20% women
  - ⇒ Vote against Chair of the Nominations Committee (or best equivalent director)
- Gender representation on board (Emerging Markets): Gender balance of at least 15% women
  - ⇒ Vote against Chair of the Nominations Committee (or best equivalent director)
- Gender representation on board: No women\*
  - ⇒ Vote against full slate (developed markets)
- Ethnic and/or racial representation<sup>2</sup> on board (USA, UK, Canada): No ethnic and/or racial representation\*
  - ⇒ Vote against Chair of the Nominations Committee (or best equivalent director)
- Disclosure of board diversity characteristics (USA, UK, Canada): The self-identified gender, racial and ethnic diversity characteristics of board members is fully absent in company disclosures
  - ⇒ Vote against Chair of the Nominations Committee (or best equivalent director)

As regulatory requirements on board diversity evolve, we anticipate that best practice by region will continue to advance over time.

## 2. Shareholder Rights

Shareholders have a vested interest in the direction of the companies they own, an interest that directors are obliged to protect. Shareholders should have access to directors through channels that are independent of management.

- ⇒ Impax will vote against proposals related to proxy access, written consent, special meetings, supermajority voting, cumulative voting and reincorporation that would serve to reduce, rather than promote, accountability to shareholders.

Shareholders should be entitled to participate equally in shareholder meetings. Multi-class voting structures with unequal voting rights are not in the best interests of common shareholders and reflect poorly on a company's corporate governance. Where a multi-class voting structure is in place, companies should provide for a reasonable sunset provision.

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<sup>2</sup> In this context, ethnic or racial representation includes one or more of the following: Black or African American, Hispanic or Latino, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, Middle Eastern, North African, Two or More Races or Mixed Heritage.

⇒ Impax will vote against proposals to adopt a new class of common stock.

#### Takeover defences

Proposals related to takeover defences should always be put forth for shareholder consideration.

⇒ Impax will generally vote against takeover defence plans unless we determine that a particular takeover defence is in shareholders' best interests.

### **3. Management Remuneration**

Remuneration should be designed to create an incentive for long-term performance and to align the interests of executives and employees with the interests of shareholders. Remuneration practices should instill accountability through an annual advisory vote on compensation, clawback provisions in the event of restatements or other instances of fraud or malfeasance, and shareholder approval of all employment contracts. Remuneration plans should prohibit repricing and CEOs should be prohibited from engaging in hedging.

General framework for effective corporate remuneration:

- Clear governance structures underpinning compensation oversight
- Alignment of corporate strategy to remuneration through appropriate performance metrics, including material sustainability metrics
- Emphasis on creating long-term shareholder value
- Avoidance of any arrangements leading to "pay for failure"
- Simple, clear, but comprehensive remuneration disclosure and reporting

Impax will vote against remuneration or remuneration policies with a combination of features that we believe decrease accountability to shareholders or undermine the link between pay and long-term, sustainable performance such as:

- ⇒ Consistently excessive levels of pay quantum compared to the market, to peer companies and compared to a company's own history and with negative or declining performance metrics (financial /operational)
- ⇒ Lowering of performance targets or time horizon for performance-based compensation without adequate justification
- ⇒ Overreliance on discretionary or guaranteed bonuses
- ⇒ Overreliance on time-based awards
- ⇒ Performance targets, including sustainability-linked metrics, that are not sufficiently challenging
- ⇒ Share incentive schemes resulting in excessive shareholder dilution
- ⇒ Golden Coffin arrangements
- ⇒ Addition of new tax gross-ups

### **4. Internal Controls and Operational Matters**

Shareholders should be provided adequate time and materials to consider meeting agenda items. Shareholders should have reasonable access to the board in general and at shareholder meetings.

Vote against procedural or operational matters that are not in shareholders' best interests:

- ⇒ Transaction of other business
- ⇒ Related party transactions that we believe are not sufficiently disclosed, are excessive or fall outside the company's ordinary course of business

#### Auditor Ratification & Audit Fees

Auditors should be independent of the company and accountable to both the company and its shareholders. Impax views the periodic rotation of the auditor as a means of maintaining independence.

Vote against ratification of auditor or audit fees when:

- ⇒ The auditor is not independent or has an agreement with the company that calls into question the auditor's independence

- ⇒ Accounting irregularities, such as a material weakness in internal controls or a restatement, have been identified in the last year
- ⇒ Auditor tenure exceeds 25 years (or deviates from local code or regulation)
- ⇒ The auditor received non-audit fees that comprise more than 50% of total fees received from the company (or more than 30% for more than 3 consecutive years).

## 5. Mergers & acquisitions and capital structure

In evaluating mergers and acquisitions, Impax will consider the potential financial, environmental, social and governance strengths and weaknesses of a particular transaction. Impax will vote case-by-case on mergers & acquisitions due to their complex and varied nature.

### Golden Parachutes

Companies should provide a separate advisory vote on golden parachutes in connection with mergers and acquisitions.

- ⇒ Impax will vote against golden parachute arrangements that are not aligned with established market best practice and/or that we determine not in shareholders' best interests.

### Capital Structure

Companies should have the ability to raise capital or alter the capital structure of the company, within reasonable limits, to enable it to operate effectively and efficiently while not harming or excessively diluting shareholder value.

- ⇒ Vote against proposals seeking to increase share capital that are excessive or do not align with established market practice
- ⇒ Vote against share buybacks when a maximum price for each share has not been set or the buyback may be used as a takeover defence

## 6. Material sustainability considerations

Impax believes that capital markets will be shaped profoundly by global sustainability challenges including climate change, environmental pollution, natural resource constraints, demographic and human capital issues such as equity, diversity and inclusion. 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 sustainability risks enhances investment decisions. Impax's proprietary Corporate Resilience Analysis is an integral part of the investment and engagement process.

Climate:

Impax urges companies to address material climate related transition and physical risks with climate resilient and transition-aligned processes that include appropriate risk pricing, forward-looking risk assessment and management, robust climate target-setting and alignment of lobbying activities and/or political contributions with stated climate commitments.

For companies identified by Impax as having material exposure to climate risk but are transition "non-aligned," such as those that have yet to take meaningful steps to address material climate risks through resilient and transition aligned management processes or those that lack credible commitments to do so, we will vote against the Chair of the Audit Committee (or best equivalent director).

Nature:

There is increasing awareness of the economy's dependency on nature, but limited understanding of how this affects individual companies. Given the relative nascency of company approaches to nature-related risks, Impax encourages companies to assess their dependencies and impacts on nature (including biodiversity, water, pollution and waste), to adopt or enhance nature-related policies and risk management practices and improve disclosure of strategy and relevant metrics and targets. For companies identified by Impax as having material exposure to nature-related risks but have yet

to take appropriate steps to develop risk management practices or where those processes have been ineffective, we may consider a vote against the Chair of the Audit Committee (or best equivalent director).

#### People:

Impax views human capital management as a systemic priority for all companies. We encourage companies to develop and disclose policies and processes that support talent recruitment, retention and development, employee engagement, health and wellness and equity, diversity and inclusion. These factors can advance stronger corporate cultures and add significant financial value over time.

Impax believes that respect for human rights is fundamental to sustainable value creation and urges companies to address human rights-related risks in their operations and supply chains.

Where Impax determines companies' human capital management and/or human rights due diligence processes have been ineffective, we may consider a vote against the Chair of the relevant Committee (or best equivalent director).

#### Data Governance:

Artificial Intelligence (AI): AI is increasingly influencing various aspects of business operations, presenting both opportunities for innovation and complex challenges for risk management. With many companies expected to deploy AI within their businesses, we believe companies should proactively manage AI-related risks and potential impacts through board oversight, policies, and transparency. For companies identified by Impax as having material exposure to the development or use of AI but have yet to take appropriate steps to develop risk management practices, we may consider a vote against the Chair of the Audit Committee (or best equivalent director).

Cybersecurity: Given the significant commercial, operational, and reputational issues that may result from systems or networks being compromised, Impax expects that companies maintain systems and processes that monitor the prevention, mitigation, identification, and remediation of cyber risks. Where Impax determines a company has insufficient cybersecurity risk management processes or oversight, or where a reasonably avoidable material cybersecurity event has occurred, we may consider a vote against the Chair of the Audit Committee (or best equivalent director).

#### Shareholder Proposals

The sustainability risks that companies face often reflect sector, industry or even systemic issues. For these reasons, we take a principled approach to these matters when considering shareholder proposals rather than addressing every company-specific sustainability issue that may arise. Impax supports proposals that seek to minimise material sustainability risks, to protect and enhance shareholder value, and to promote greater transparency on other sustainability-related issues, except where the intent of a specific proposal is clearly counter to advancing the transition to a sustainable economy or is not material or relevant to the company in question.

#### Further important information with respect to proxy voting and engagement

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

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\*Impax believes that these principles would generally apply in proxy votes for registered investment companies and will vote accordingly.