

Equity, Diversity & Inclusion Report

For the year ended 30 September 2023



25

**years of pioneering
investment**

Equity, Diversity & Inclusion

“E,D&I is central to Impax’s philosophy, values and mission.”

Equity, diversity, and inclusion (“E,D&I”) is central to Impax’s philosophy, values and mission. Impax’s view of diversity is intentionally broad and includes, but is not limited to, gender, race, ethnicity, sexual orientation, disability, culture, religion, age, and social background – as well as the importance of intersectionality across these dimensions. Impax has a deep appreciation of the positive impact that diversity in all its richness has on its people, the Company’s culture, organisational integrity and success, and its communities.

Impax’s E,D&I vision is to continue to build an inclusive, equitable culture where every colleague feels they belong, are valued as an individual, and can thrive – bringing all aspects of themselves to work. Impax remains focused on increasing the diversity of its employees, especially at senior levels, and committed to pay equity, including by gender and ethnicity.

E,D&I continues to be central to our investment and engagement process, incorporated through consideration of diversity indicators in our fundamental ESG research, and through our established track record of principled proxy voting,

successful company engagements and collaborative public policy engagements on E,D&I issues.

Impax aims to work with firms across the value chain that share our principles and are actively participating in the transition to a more sustainable economy, including our investee companies and companies with which we engage, as well as our partners, vendors and suppliers. We recognise that as a society we have work to do on many levels. As such, our approach is holistic, looking both internally and externally to build a more equitable and just society for all.

GOVERNANCE AND ACCOUNTABILITY

Our E,D&I Group is responsible for Impax’s strategy in this area and reports regularly to the Executive Committee and the Board. It is sponsored by Ian Simm, Chief Executive, and Joe Keefe, President, Impax North America, with Lindsey Brace Martinez as its Non-Executive Director sponsor. The E,D&I Group meets regularly to align on ideas, actions and progress, and to communicate feedback from colleagues. It is supported by employee-run sub-groups, which are responsible for implementing the Group’s priority initiatives.

GOALS AND OBJECTIVES

Previously we had articulated two specific E,D&I goals for December 2025:

- That Impax’s overall workforce gender mix should be circa 50% (48-52%) women
- The representation of women and racial/ethnic minorities in senior management, portfolio management, and client-facing roles should meaningfully exceed relevant industry averages in Impax’s primary locations (UK and US)

Following good progress against these goals, we undertook a benchmarking exercise, analysing our current profile, the markets in which we operate, and comparing ourselves with our peers. This has informed our refined and updated E,D&I goals, which we believe are more transparent and measurable. For December 2027, we aim that:

- Impax’s overall workforce should be 48%-52% women
- Impax’s overall workforce should be 28%-32% minority ethnic
- Impax’s senior staff¹ should be 38%-42% women
- Impax’s senior staff should be 14%-18% minority ethnic

¹ Impax’s corporate level of “Director” and above.

DEMOGRAPHICS AND PROGRESSION

Understanding our demographics and sharing this information with our stakeholders is a key pillar of our E,D&I strategy to make sure that we are finding and retaining diverse talent to help Impax, and our clients thrive. We are advancing diversity across the firm and creating an inclusive workforce at all levels of our organisation. We conduct an annual demographic survey for all colleagues as well as collecting and reporting on data from new hires on an ongoing basis. This year we have started to collect this information using our new HR system; the data is reported on an anonymous basis and with the individual agreement of each colleague. We analyse these changes year-on-year and report to senior management and the Board on progress against our goals.

As at year end, 47% of colleagues are female, close to our 2025 target of 48% - 52%. 25% are minority ethnic. 54% of promotions and 49% of new hires during the Period were women. 23% of promotions and 25% of new hires were minority ethnic.

57% of the Board members are female, including the Chair. 100% of the Board is white; we are identifying opportunities to address this lack of ethnic diversity this year as part of our succession plans.

Gender overview, 2023

	Female	Male	Prefer not to disclose gender
Total Company	47%	52%	2%
Board	57%	43%	0%
Executive Committee	33%	67%	0%
Senior staff	36%	62%	2%
Investment team	33%	66%	1%
Promotions	54%	46%	0%
Hires	49%	51%	0%

Self-reported, anonymous data collected in August and September 2023. Conducted by Impax, with an 86% response rate.

Ethnicity overview, 2023

	Asian	Black	Additional ethnic groups	White	Prefer not to disclose Race/Ethnicity
Total Company	15%	4%	6%	74%	2%
Board	0%	0%	0%	100%	0%
Executive Committee	0%	8%	0%	92%	0%
Senior staff	10%	1%	2%	85%	2%
Investment team	22%	1%	8%	67%	1%
Promotions	16%	2%	5%	77%	1%
Hires	14%	2%	9%	75%	0%

Self-reported, anonymous data collected in August and September 2023. Conducted by Impax, with an 86% response rate. Due to Impax's size and our focus on protecting employees' privacy and individually identifiable data, Impax's race and ethnicity categories with relatively few respondents have been aggregated for the purposes of external data reporting. As such 'Additional ethnic groups' represent Hispanic or Latinx, American Indian or Alaska Native, Middle Eastern, Native Hawaiian or Other Pacific Islander, Two or More Races or Mixed Heritage, and other identities that staff have self-identified.

Equity, Diversity & Inclusion continued

Gender progression

	Female	Male	Prefer not to disclose gender
2023¹	47%	52%	2%
2022 ²	49%	50%	1%
2021 ³	46%	54%	0%

1 As of August/September 2023.

2 As of November 2022.

3 As of April 2021.

Ethnicity progression

	Asian	Black	Additional ethnic minority groups	White	Prefer not to disclose race/ethnicity
2023¹	15%	4%	6%	74%	2%
2022 ²	14%	6%	5%	74%	1%
2021 ³	12%	5%	3%	77%	3%

1 As of August/September 2023.

2 As of November 2022.

3 As of November 2020 (latest available data).

Gender pay gap – median base salary gap

	2023	2022	2021
Senior staff	7.1%	1.9%	16.1%
Mid-level staff	5.6%	2.7%	12.7%
Junior staff	21.7%	12.9%	5.3%

Data as of April in the respective year.

GENDER PAY GAP

As at April 2023, based on a headcount of 295 employees, 48% of employees were women and 52% men. The gender composition remained consistent with last year. Since April 2022, 82 employees joined the Company with an equal gender distribution of 41 male and 41 female.

Our gender pay gap analysis, which compares median base pay of men and women across all positions in three groups – junior staff, mid-level staff and senior staff – shows that the median gaps at mid (5.6%) and senior (7.1%) levels have increased since the previous year (2.7% and 1.9% respectively in 2022). We have seen a more significant increase in the median pay gap at junior level (21.7% up from 12.9% in 2022). This is primarily due to a high representation of women in junior level analyst/team assistant positions and male new joiners hired into associate level positions in our Investment teams where salaries are typically higher.

As part of our overall E,D&I strategy, we remain focused on increasing the number of women in our business, especially at senior levels, as articulated in our E,D&I goals, and to the continued examination of in-level pay differences, including using robust external pay benchmarking data.

TALENT AND RECRUITMENT

To ensure Impax is seeking candidates from all backgrounds and objectively evaluating the Company's processes to understand and monitor trends throughout the hiring process, Impax has:

- Ensured a solid foundation is in place for reducing bias in the recruitment process by examining language in job descriptions, including subscribing to an AI tool to help identify bias in job descriptions and other HR materials.
- Provided training materials for the HR team to reduce unconscious bias in the recruitment process.
- Developed a set of questions for hiring managers across eight behavioural competencies to eliminate bias in the interview process where possible.
- Launched a GDPR-compliant applicant tracking system, allowing the Company to collect demographic information on candidates and track progress throughout the recruitment process.

- Ensured that hiring practices and instructions to recruitment firms include, where practicable, female and/or racial/ethnic minority candidates for every open role.
- Enhanced career and talent development programmes to promote, where appropriate, the progression of current Impax employees from female and racial/ethnic minority groups to mid and senior levels.

INCLUSION, EDUCATION AND ENGAGEMENT

Increasing inclusivity and communications around E,D&I is a top priority. Much of this activity is coordinated by the employee-run Impax Inclusion Network. This group has continued to run a regular speaker series during the Period to broaden E,D&I inclusion, education and awareness.



GLOBAL CELEBRATION OF PRIDE MONTH

In July 2023 Impax's Inclusion Network celebrated Pride month to promote awareness and understanding of the LGBTQ+ community and its history. Employees in London, Portsmouth and Hong Kong took part in a culture quiz, heard from LGBTQ+ colleagues and watched a short film on the history of Pride, with the bakeries selected to cater for the London and Portsmouth events donating proceeds to the LGBTQ+ community.

The film told the story of Pride's beginnings as a resistance and riot-based movement in contrast to the commercial corporatisation of recent years. Colleagues were encouraged to understand the history of the US-based Stonewall riots, in particular the direct role of LGBTQ+ people from Black and ethnic minority backgrounds who sparked the beginning of a human rights revolution.

Equity, Diversity & Inclusion continued

PARTNERSHIPS AND SOCIAL IMPACT

Impax partners with organisations that spotlight the unique challenges faced by women and minorities within the investment industry, and is an active member of the Diversity Project, which has led to the Company's participation in the City Hive and #TalkAboutBlack mentorship scheme. It also participates in the 10,000 Black Interns programme and partners with US-based non-profit the Toigo Foundation. These initiatives aim to help make progress towards addressing the gender and ethnicity gaps within the investment management industry and wider society.

Impax has signed charters with, or are members of the following organisations:

- CFA DEI Code (USA and Canada)
- Race at Work
- Thirty Percent Coalition
- UN Women's Empowerment Principles
- Women in Finance
- Women in Governance



CITY HIVE CROSS COMPANY MENTORSHIP PROGRAMME

We supported the City Hive Cross Company Mentorship Programme in association with #TalkAboutBlack for the second time during the Period.

As a City Hive partner, Impax colleagues were matched with mentors and mentees from across the savings and investments industry, with the aim to accelerate the development of diverse talent. Five mentees and five mentors from Impax took part in the nine-month programme, with two senior mentors returning for a second year.

Mentors and mentees are encouraged to meet on a four to six weekly basis, either face-to-face or online. Supported via a series of virtual check-ins with City Hive and Coach Mentoring, these sessions take place at the beginning, middle and endpoints to ensure relationships remain on track, have purpose, and that a duty of care is observed.

Through supporting the cross-company programme, we are investing to address the confidence gap often faced by diverse talent and demonstrating a commitment to the continued professional success of our colleagues, from all walks of life.

Engagement case study

XINYI SOLAR HOLDINGS

Hong Kong-listed Xinyi is a leading photovoltaic glass manufacturer and solar farm developer. Impax has been engaging with this company since 2019, with the main objective of improving its governance practices, including board independence and diversity. While the company acknowledged Impax's initial concerns around the lack of board diversity, we voted against Nominating Committee members in 2020 and followed up with further engagement. Initially the company expressed no plans to improve board composition or independence, with no female directors on the board. The company reiterated that female representation within their wider industry was low, and it remained challenging to recruit qualified female employees or directors. Impax remained disappointed with this outcome and voted against the Nominating Committee members again at the 2021 annual meeting, re-emphasising to the company our belief in the importance of diverse representation for long-term value creation.

In the company's 2022 annual meeting, we were pleased to see nomination of the company's first female independent director to the board following multiple years of engagement and votes against board directors. Despite progress, board independence remains low, and we continue to engage with the company on this issue.



INVESTMENTS

Impax invests in companies that are well positioned to benefit from the transition to a more sustainable economy, including companies that are leaders on human capital issues such as equity, diversity and inclusion. Impax is a pioneer in gender lens investing (see page 38).

E,D&I is a core part of Impax's investment and engagement process, through consideration of diversity indicators in the Company's fundamental ESG research. E,D&I is also one of Impax's four firm-wide thematic engagement priorities (see case study, left). Impax believes it is important to focus on the drivers that can improve and build diverse representation in the talent pipeline over time through programmes, initiatives and goal setting. Impax focuses on diversity related to gender representation, especially in Asian and some European companies, and diversity policies, disclosures and targets in many US companies.

THOUGHT LEADERSHIP

Impax has published several thought leadership pieces related to E,D&I during the Period. This has included an article on 'Identifying and measuring sources of alpha in gender factors' in July 2023 and an examination of 'The business case for diversity' in November 2022.



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