

## Impax Global Social Leaders Fund

2024 Sustainability Report: Beyond Financial Returns – Q4 2024







# Introduction

This is the third year Impax has provided portfolio specific sustainability reporting for our clients. While we will continue to enhance disclosure and introduce new metrics, our primary goal remains to offer clients a comprehensive overview of the sustainability profile of their investments.

We have found through the years that clients want to understand not just their portfolio’s impact on the environment and society, but also Impax’s impact on their portfolio, the environment and society. This report has been developed to provide our investors with a view into how we think about sustainability at Impax – holistically across both risks and opportunities and using the levers we have as investors. This includes how we identify the investment universe of our strategies, how we conduct research on and select securities, how we construct portfolios and engage with companies and policy makers – each step has intentionality and outcomes which we hope to bring to life in our reporting.

In addition to portfolio level reporting provided within, we report on Climate, Stewardship & Advocacy and Impact each year at the firm level. These reports dive deeper on each topic and showcase our commitment to transparency and to continually raising the bar on disclosure to our investors and the industry.

## Alignment with the transition to a more sustainable economy

The investment strategies at Impax are designed with the objective of generating strong risk-adjusted investment returns by allocating capital towards those companies that are well-positioned as the global economy transitions to a more sustainable model. Through proprietary tools and taxonomies, Impax seeks to identify and invest in higher quality companies with strong business models that demonstrate sound management of risk.

The table below displays the portfolio’s alignment to the transition to a more sustainable economy, defined as its revenue exposure to the themes or areas of the market which we believe are well positioned to benefit from this transition.

Global Social Leaders Fund	Minimum	Actual (as of 12/31/2023)
Social revenue exposure (weighted average)	Min 20%	85.66%
The <b>Impax Social taxonomy</b> <sup>1</sup> captures companies which are equalizing and enabling access to essential financial services and addressing participation in the formal economy.		

<sup>1</sup> For more information, refer to the “Definition of Impax’s proprietary tools and taxonomies” page.

# Climate transition risks and opportunities

Climate-related risk assessment is integrated into the investment process for all of Impax’s assets under management, across all asset classes, using proprietary tools and analysis. The table below reflects both absolute and intensity-based metrics for the financed greenhouse gas (GHG) emissions of the portfolio.

## Financed GHG emissions

2023 metrics (as of 12/31/2023)	Per US\$1.0mn invested	Total Portfolio (US\$1.5mn)
Scope 1 & 2 GHG emissions (tCO <sub>2</sub> e)	12	20
Scope 3 GHG emissions (tCO <sub>2</sub> e)	93	140
Total GHG Emissions (Scope 1, 2 & 3. (tCO <sub>2</sub> e))	104	160
Portfolio Weighted Average Carbon Intensity (WACI) <sup>1</sup> (Scope 1, 2 & 3)	222	-
Benchmark Weighted Average Carbon Intensity <sup>2</sup> (WACI) (Scope 1, 2 & 3)	786	-

## Avoided GHG emissions and climate solutions exposure

Measuring the avoided GHG emissions associated with the products and services of companies held within the portfolio helps demonstrate their contribution to the transition to a lower-carbon economy.

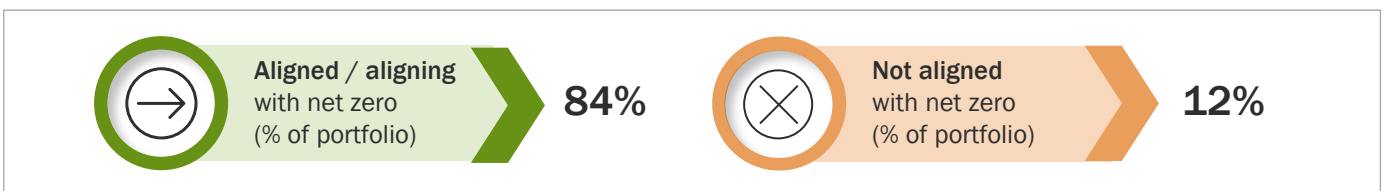
Additionally, as a specialist investor in the transition to a more sustainable economy, managing climate-related risks and identifying climate-related opportunities is at the core of what we do. Many of our strategies have exposure to companies whose products and services address the drivers of climate change and help increase resilience to the impacts that arise from a warming climate.

2023 metrics (as of 12/31/2023)	Per US\$1.0mn invested	Total portfolio (US\$1.5mn)
Avoided GHG Emissions (tCO <sub>2</sub> e)	14	20
Weighted average revenue exposure to climate solutions <sup>3</sup>	--	8.00%

## Net Zero Alignment<sup>4</sup>

As a signatory of the Net Zero Asset Managers (“NZAM”) initiative, Impax supports the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 °C. As part of that initiative, Impax has adopted a target that 100% of its assets covered by the NZAM commitment – being all actively managed listed equities and private markets investments – will be “transition aligned” or “transition aligning” by 2030. We project that at least 50% of committed AUM will be classified as aligned by 2030. Impax’s group-level net-zero targets cascade to, and are monitored at, the portfolio level.

Impax also commits to reporting annually on the percentage of our investments in climate solutions and the avoided GHG emissions associated with those investments at the firm level.



**There can be no assurance that impact results in the future will be comparable to the results presented herein.** Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2023. Impax’s impact methodology is based on equity value. Refer to the Methodology section at the back of the report for further details on methodology and summarized data that was available and estimated for companies in the portfolio. <sup>1</sup>For more information on how the WACI is calculated, see methodology page towards the end of this document. <sup>2</sup>Benchmark used is MSCI ACWI. <sup>3</sup>Climate solutions exposure: To be classified as ‘climate solutions’ under Impax’s proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences. More details on the Impax Climate Taxonomy can be found in the appendix. <sup>4</sup>Please see here for more details on Impax’s net zero commitment: <https://www.netzeroassetmanagers.org/signatories/impax-assetmanagement/>. Figures may not add to 100% due to cash. Our net zero methodology is based on the PAII Net-Zero Investment Framework (“NZIF”) Net Zero Investment Framework – Paris Aligned Asset Owners. Data as of 12/31/2023.



# Social benefits





## This Impax portfolio invests globally in companies that provide products and services benefiting from long-term secular trends shaping society

Given Impax’s history of investing in environmental markets, our impact reporting has naturally focused on metrics for environmental impact. In 2022, for the first time we extended our reporting to include two social impact metrics for one of our fixed income portfolios. Since then, Impax has developed positive social impact metrics for the newly-launched Impax Global Social Leaders Fund that focuses on trends shaping society as the transition to a more sustainable economy continues.

Generally speaking, metrics for social impact delivered by portfolio companies are harder to aggregate than environmental impact metrics like GHG emissions. There is a very broad and nuanced set of solutions to the challenges facing global society. Company reporting on social impact can therefore be relatively specific to their own products and services. The data often reflects positive outcomes, rather than end impacts. Both these factors can pose a challenge when attempting to aggregate impact in meaningful ‘units’ of social impact.

This notwithstanding, we find that portfolio companies focused on addressing social challenges are reporting on positive outcomes arising from use of their products and services in a detailed and useful way. Especially so in the areas of healthcare, access to finance and digital inclusion.

In the graphic below, we include illustrative examples of relevant metrics that could reflect positive impact delivered by portfolio companies aligned with thematic sectors that sit conceptually under each of these pillars.

Pillar	Thematic sector	Impact Metric	Per US\$1mn invested	Total portfolio US\$1.5mn
 Broaden Economic Participation	Access to Finance	Number of individuals provided with enhanced access to essential financial services, p.a.(#s) <sup>1</sup>	203	320
 Improve Quality of Life	Health Innovation	Number of patients treated p.a. (#s) <sup>2</sup>	11	20
 Meet Basic Needs	Nutrition	Healthy & nutritious food produced/sold (tons) <sup>3</sup>	10	20
 Broaden Economic Participation	Equitable Connectivity	Number of individuals digitally connected (broadband, high-speed internet), p.a. (#) <sup>4</sup>	280	40

**There can be no assurance that results in the future will be comparable to the results presented herein.**

Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2023. Impax’s impact methodology is based on equity value. Please refer the end of this presentation for further details on the footnotes, methodology and summarised data that was available and estimated for companies in the portfolio.



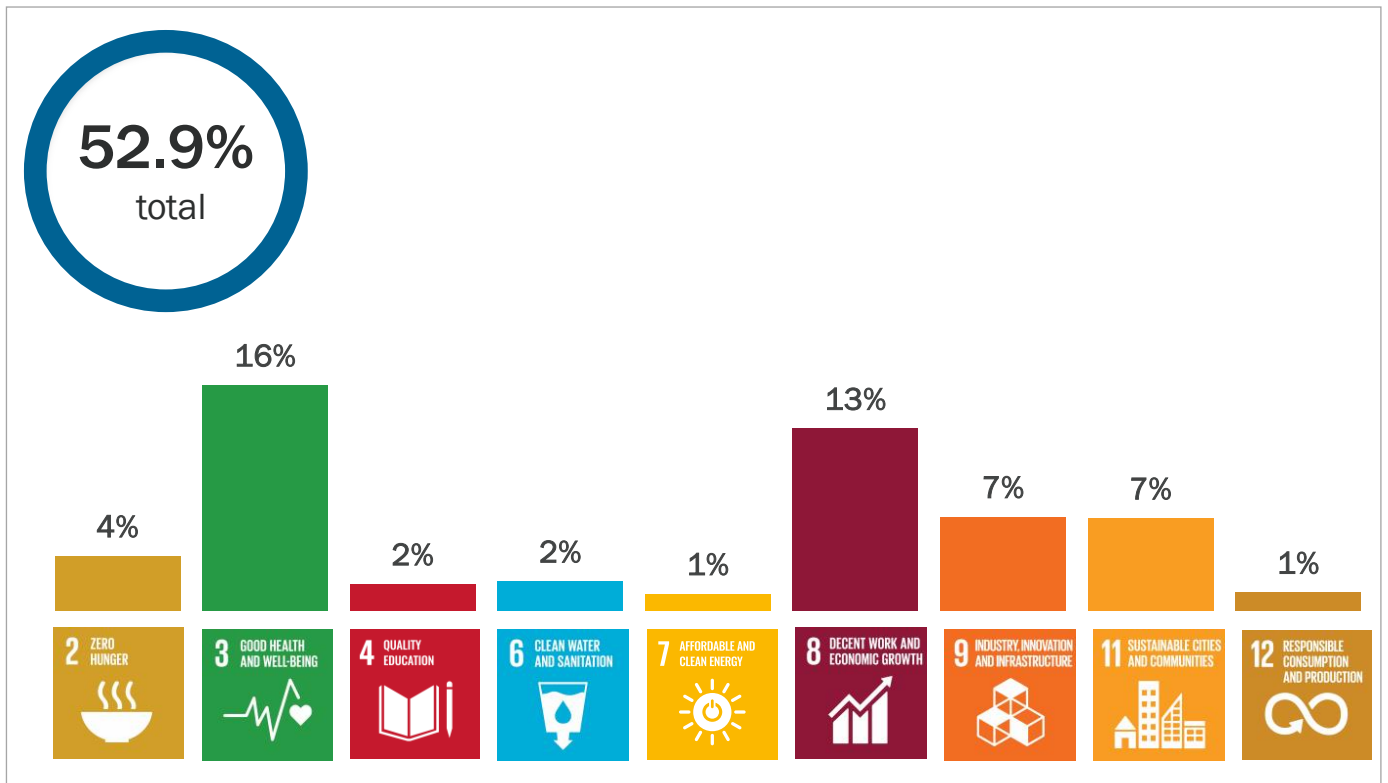
# UN Sustainable Development Goals alignment

The UN Sustainable Development Goals (SDGs) encompass 17 sets of targets to be met by the world’s economies by 2030. The SDGs have been increasingly adopted by investors as a framework for evaluating funds’ alignment to critical and often unmet activities necessary for a sustainable economy.

The nature of Impax’s investment philosophy results in meaningful exposure to the SDGs as a consequence of the investment process, which is focused on investments enabling and benefiting from the transition to a more sustainable economy. The chart below summarizes portfolio company exposure to the UN SDGs for the portfolio, as at the end of 2023.

Impax’s investment process does not analyze alignment with SDGs as an investment objective or component of portfolio construction. Instead, we use the SDG framework to understand which portfolio companies are involved in activities that contribute towards addressing these critical global challenges, as a mapping and reporting exercise. We evaluate alignment with this framework by identifying the proportion of portfolio companies’ activities, measured in revenue percentages, that contribute to the achievement of the SDGs.

We focus on those SDGs where the underlying targets are relevant to private sector investment opportunities, rather than government-driven activities, such as public funding or policy or regulatory action. For example, we ascertain that our portfolio companies – even those held within the Climate strategy – have very little exposure to SDG 13, climate action. While this may seem counterintuitive given our focus on the transition to a more sustainable economy, this is because we consider most of the Goal’s sub-targets to be aimed at, and implemented by, governments. Similarly, we do not have exposure to e.g. SDG17, Peace, Justice and Strong Institutions, responsibilities of governments. On the other hand, the sub-targets of e.g. SDG9, Industry, Innovation and Infrastructure, are implemented by private sector actors.



Source: Data as of 12/31/2023. The UN SDGs encompass 17 goals. For further information, please visit <http://www.un.org/sustainabledevelopment/sustainable-development-goals>. Figures above are based on Impax internal data. Mapping to representative account in the composite that we believe most closely reflects the current portfolio management style. Performance is not a consideration in the selection of the representative account. Total revenue exposure may not equal the aggregate of individual SDG amounts due to rounding. The characteristics of the representative account shown may differ from those of other accounts in the strategy. Impax’s investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax’s investment philosophy results in some meaningful revenue exposure within the Environmental Markets strategies and Sustainability Lens strategies, based on investee companies’ eligible activities. Refer to the Methodology section at the back of the report for further details on methodology and summarized data that was available and estimated for companies in the portfolio.



## Proxy voting

Proxy voting is a key component in the ongoing dialogue with companies we invest in. Through voting on management and shareholder proposals, we aim to enhance the long-term value of our shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in our investee companies. We are committed to ensuring the consistent and transparent exercise of voting rights associated with shares we hold, where proxy voting has been delegated to Impax. Our voting decisions follow our publicly disclosed Proxy Voting Guidelines, which are informed by global governance best practices and are updated annually.<sup>1</sup>



<sup>1</sup>Impax Asset Management, January 2024: Proxy Voting Guidelines. <sup>2</sup>At the meeting level, we voted 100% of meetings in 2023. However, proxy votes representing the Impax Ireland Funds plc UCITS fund range were not executed at any shareholder meetings between August 2023 and January 2024 due to an issue with the submission and receipt of ballots between Impax, the Impax Ireland Funds plc UCITS funds' custodian and our proxy voting service provider. This issue has been resolved and an enhanced control framework is being implemented.



## Systematic engagement

We believe that significant, positive real-world impact can be achieved through focused, well-structured stewardship and advocacy efforts. As an active shareholder with a long-term investment horizon, we believe it is in the interests of our clients that we proactively engage with a wide spectrum of stakeholders – including investee companies and regulators – in an effort to minimize risks, and to protect and enhance value for shareholders.

### Physical climate risks and adaptation

A growing body of research demonstrates the financial materiality of climate risks.<sup>1</sup> Yet few companies disclose the geo-locations of strategic physical assets that might face climate risks, nor those in their supply chains. This means that physical climate risks cannot be reliably anticipated by investors and financial markets. Also, few companies disclose their own estimates of their value at risk or plans for creating resilience to physical risks. Over the past four years, we have engaged with regulators, investors and companies, often in partnership with other shareholders, to address these risks.

### Engaging regulators and companies

We first petitioned the US Securities and Exchange Commission (SEC) in June 2020 to require that companies report the specific locations of assets whose loss or damage could be a material event. This petition was published in the Harvard Law School Forum on Corporate Governance to promote our activities.<sup>2</sup> In August 2020, we joined forces with the New York State Common Retirement Fund, one of the US' largest public pension plans. Together, we asked all constituents of the S&P 500 Index of large capitalization US companies to report on the precise location of relevant physical assets whose loss or impairment would have a material financial impact. Just over 13% of the S&P 500 responded to our initial letter.<sup>3</sup> Of these, one-quarter reported that they already disclose locations of key assets. In some cases, however, reporting is at too distant a timeframe to be useful in physical risk assessment. Of all the companies we spoke to or heard from, we found just three that had seriously considered their liabilities due to physical risk and had plans for adapting to or mitigating those risks.

### Contributing to public discourse

We have published a series of thought leadership pieces on the theme of physical climate risks and their management. In our September 2020 report, *Designing a resilient response to the inevitable impact of climate change*, we explored the material and immediate physical climate risks facing companies and investors globally.<sup>4</sup> We noted that investors' tools for understanding physical climate risks were limited and imperfect, and recommended steps that investors should consider.

### Contributing to the SEC climate rule

Early 2022 marked an important step forward in our engagement with US regulators on this issue. Ahead of the SEC's publication of a proposed rule to enhance and standardize climate-related disclosures in March 2022, we met with the Chair and staff of the SEC to advocate for an ambitious and effective outcome.

In May 2022, we submitted a detailed response to the SEC's well-conceived proposals that included amendments we believed would strengthen the rule's implementation. This included a focus on reporting on physical climate risk and geo-location data. When the SEC adopted its final climate risk disclosure rule, in March 2024, Impax was cited 24 times. Although there were some disappointments – Scope 3 emissions disclosure by US companies is missing completely – the rule mandates that US companies must disclose physical climate risks that have any material impact on companies' strategies, business models and outlooks. Overall, we believe it will help provide decision-useful information on physical risks.

<sup>1</sup>Impax, 2023: *Climate change: the impact for investors*. <sup>2</sup>Harvard Law School Forum on Corporate Governance, June 2020: *Rulemaking Petition on Disclosure to Help Assess Climate Risk*. <sup>3</sup>Impax, 2021: *Seeking coordinates: A unique engagement on physical climate risk*. <sup>4</sup>Impax, 2020: *Physical climate risks - Designing a resilient response to the inevitable impact of climate change*



## Case study: Alcon



**Company description:** Alcon is a global leader in eye care, operating in over 50 countries and serving patients in more than 140 countries. Alcon serves the medical industry as a major supplier of ophthalmological products used in cataract surgery and eye care. Proper eyesight is a core aspect of healthy and active living – in addition to impairing productivity and ability to work, vision loss can cause isolation, depression and cognitive decline.



### Impact

Companies such as Alcon that provide vision correction products and specialized equipment for cataract and retinal surgeries can be an important part of vital healthcare solutions. Timely access to ophthalmic interventions like cataract surgery can prevent blindness and accidents. Alcon works to make these solutions accessible, especially in developing countries where formal eyecare is typically limited.<sup>1</sup> With a strong ongoing pipeline of product launches in both contact lens care and surgical repair, Alcon plays an important role in population basic needs and wellbeing in the form of eyecare. In 2022, Alcon **treated over 78,000 patients.**<sup>2</sup>



### Engagement

#### ESG Risk Management

##### Objectives

- Identify and disclose material ESG risks (achieved, 2023)
- Identify and track relevant Key Performance Indicators (KPIs) and set improvement targets for effective management of material ESG risks (in progress)

##### Activities

Impax has engaged with Alcon primarily on governance-related topics in previous years. In 2023, Alcon sought Impax's views on its material ESG issues to help inform development of the company's updated ESG strategy. This was the first engagement with Alcon's Head of Sustainability.

##### Outcomes

The company has improved its environmental risk oversight and management systems, with increased focus on product lifecycle impacts and waste reduction. It implemented environmental scorecards for all products in 2023, from product design to end-of-life considerations. The company trialed multiple pilot contact lens takeback programs, although it is currently addressing challenges with consumer uptake and engagement.

##### Next Steps

Impax has encouraged the company to report on progress against material KPIs and targets.

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## Case study: Jeronimo Martins



**Company description:** As the world's leading publicly listed grocery retailer, Jeronimo Martins, SGPS, S.A. provides access to basic and affordable food by facilitating grocery access that is broad enough to include lower income communities and those in emerging nations. The company manufactures and distributes food in Portugal, Poland, and Colombia, where it also operates supermarkets and retail stores.



### Impact

Our global food system, including food retailers, has an onerous carbon footprint. On the positive side, as a super- and hyper-market grocery chain with 5,400 stores, Jeronimo Martins includes food waste (and food packaging with a lower environmental footprint) as a component of its climate strategy. The company has set a goal of limiting annual food waste to 2.5% of the total sales volume (tons) of foodstuffs in the period from 2024 to 2026.<sup>1</sup> The company is carrying out several initiatives up and downstream in the value chain and operations to fight food waste. In total, Jeronimo notes that **it recovered 70.7 thousand tons of food in 2023, which corresponds to 46,300 tCO<sub>2</sub>e of GHG emissions avoided.**<sup>1</sup>



### Engagement

#### People

##### Objectives

- Understand Jeronimo Martins' efforts to support employees during a period of higher inflation (achieved, 2023)
- Improve disclosure and structure of executive remuneration program (ongoing)

##### Activities

In the context of a significant increase in inflation and living costs in 2023, Impax sought to understand how companies were supporting employees in navigating this environment. With a labor-intensive business and operations based in countries experiencing high levels of inflation, this topic was particularly relevant for Jeronimo Martins.

As part of our proxy voting process, Impax has also engaged Jeronimo Martins on disclosure of key aspects of executive remuneration. At the company's 2022 and 2023 annual meeting, Impax voted against the company's Remuneration Report.

##### Outcomes

Jeronimo Martins outlined the scope of its people sustainability agenda, which encompasses diversity, inclusion, fair compensation, employee recognition, and support for employees and their families in times of vulnerability. Its programs and initiatives are adjusted to each country of operation, considering its social and macroeconomic context.

In 2023, the company implemented extraordinary salary review measures in three countries in light of the inflationary context; employees who were not eligible for a merit increase had a salary increase between 7.5% and 10%, depending on their performance assessment. The company also sought to minimize impacts of the current environment on employees and their families through a variety of programs to address mental, physical and social well-being.

##### Next Steps

We continue to monitor Jeronimo Martins' progress on its People Sustainability agenda and encourage greater disclosure around performance metrics used under its incentive program and pay outcomes.

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# Memberships

Impax works collaboratively with industry organizations and our peers to shape the markets needed for the transition to a more sustainable economy to accelerate.

Here is a selection of our current memberships by theme:

Climate

- Carbon Disclosure Project (CDP)
- Ceres Investor Network
- Climate Financial Risk Forum (CFRF)
- Confederation of British Industry (CBI)
- Energy Transitions Commission (ETC)
- Farm Animal Investment Risk and Return Initiative (FAIRRI)
- Financing a Just Transition Alliance (FJTA)
- Glasgow Financial Alliance for Net-Zero (GFANZ)
- Global Impact Investment Network (GIIN)
- Institutional Investors Group on Climate Change (IIGCC)
- Investment Association (IA)
- Net Zero Asset Managers initiative (NZAM)
- Principles for Responsible Investment (PRI)
- ShareAction investor Decarbonization Initiative
- Sustainable Investments Institute
- Sustainable Markets Initiative
- Task Force on Climate-related Financial Disclosures (TCFD)
- Transition Plan Taskforce (TPT)

Nature

- Finance Sector Deforestation Action (FSDA)
- Investor Environmental Health Network (IEHN)
- Investor Policy Dialogue for Deforestation (IPDD)
- Natural Capital Investment Alliance (NCIA)
- Nature Action 100 (NA100)
- Principles for Responsible Investment (PRI) Spring
- Taskforce on Nature-related Financial Disclosures (TNFD)

People

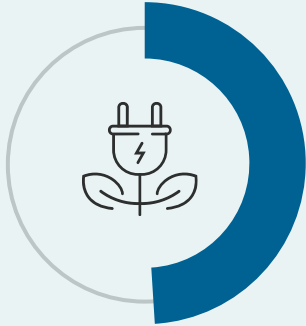
- Investors Against Slavery and Trafficking, Asia Pacific (IAST APAC) Initiative
- Northeast Investors Diversity Initiative (NIDI)
- Race at Work
- ShareAction: Long-term Investors in People's Health Initiative (LIPH)
- Thirty Percent Coalition
- Women's Empowerment Principles
- Women in Finance

Governance

- Asian Corporate Governance Association (ACGA)
- Council of Institutional Investors (CII)
- Confederation of British Industry (CBI)
- Global ESG Benchmark for Real Assets (GRESB)
- Interfaith Center on Corporate Responsibility (ICCR)
- UK Sustainable Investment and Finance Association (UKSIF)
- International Corporate Governance Network (ICGN)
- Principles for Responsible Investment (PRI)
- Shareholder Rights Group
- The Investing and Saving Alliance (TISA)
- UK Stewardship Code (UKSC)
- The US Forum for Sustainable and Responsible Investment (USSIF)

# Impax Asset Management Sustainability highlights 2023

## Investments



**49%**

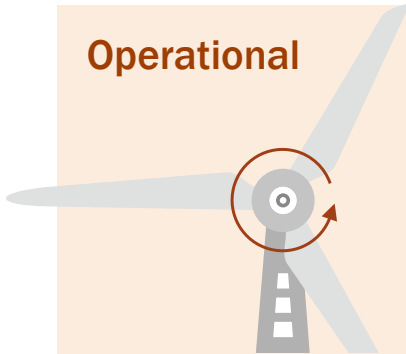
AUM invested in 'climate solutions'<sup>1</sup>



**92%**

AUM committed under NZAM that has 'transition aligned/aligning' climate management and disclosures<sup>1</sup>

## Operational



**97%**

electricity from renewable sources across Impax offices<sup>1</sup>



**2030  
target is 100%**

## Stewardship & Advocacy<sup>2</sup>



**25%**

of engagement dialogues focused on climate-related issues in 2023

Early adopter of TNFD recommendations

Contributed to TPT asset management sector guidance



**91%**

climate-related shareholder proposals supported in 2023

Became a member of Nature Action 100+



<sup>1</sup>as of 12/31/2023. See page 3 for our definition of 'transition aligned/aligning'. <sup>2</sup>Our other areas of priority for stewardship and advocacy activities are Governance, Nature and People. See our Stewardship and Advocacy Report 2024 for full details of our activities in 2023.





# Impax Asset Management Equity, Diversity & Inclusion 2023

We believe that the transition to a more sustainable economy is closely linked to the transition to a more equitable society.

Equity, diversity & inclusion are critical:



## Gender overview 2023<sup>1</sup>

	Female	Male	Prefer not to disclose
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<sup>1</sup>

	Asian	Black	Additional ethnic groups	White	Prefer not to disclose
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.

## Goals and objectives

Previously, Impax 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, analyzing 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 staff<sup>2</sup> should be 38%-42% women
- Impax’s senior staff should be 14%-18% minority ethnic

<sup>1</sup>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’ represents Hispanic or Latinx, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Two or More Races or Mixed Heritage, and other identities that staff have self-identified. <sup>2</sup>Impax’s corporate level of “Director” and above

# Impax Asset Management In the Community 2023

Impax's Value of "Building a common future" recognizes 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).<sup>1</sup>

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. As a non-profit environmental law organization, 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 mobilizing 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 honors 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.

<sup>1</sup>UK Stewardship Code Statement, uk-stewardship-code.pdf (impaxam.com). As of 09/30/2023, we donated US\$677,166 to charitable causes (up from \$385,408 in 2022).

## Sustainability characteristics

Here is how the Fund compares to a traditional benchmark and peers regarding a wider range of sustainability characteristics.

**MSCI ESG Fund Rating\***

**MSCI**  
ESG RATINGS

**AA**

CCC B BB BBB A **AA** AAA

Represents the aggregate ranking of the Fund's holdings as of 12/31/2024. Certain information © MSCI ESG Research LLC. Reproduced by permission; no further distribution. Produced by MSCI ESG Research as of 12/31/2024.

**Morningstar Sustainability Rating™\*\***

High

Sustainability Percentile Rank in Category: 3. Sustainability Score:16.65. Global Category:Global Large-Stock Growth . Based on 96% of AUM out of a universe of 8,311 funds. Sustainability Score as of 11/30/2024. Sustainability Rating as of 11/30/2024.

**Morningstar Low Carbon Designation™\*\*\***

**Low Carbon**

Global Large-Stock Growth as of 11/30/2024  
Based on 87% of AUM.







# Appendix



## Impax proprietary tool definitions

The Impax Environmental Markets taxonomy is a classification system that supports the identification of investment opportunities in companies delivering solutions to environmental and resource efficiency challenges. This equity market classification is defined as companies whose businesses and technologies focus on environmental markets, including alternative energy and energy management & efficiency; transportation solutions; water infrastructure & technologies; environmental services & resources; resource efficiency & waste management; digital infrastructure; and sustainable food & agriculture. As determined by Impax, equity securities of companies that derive significant revenues (i.e., at least 20% of revenues) by sales of products or services in these areas are classified as environmental markets.

The Impax Sustainable Infrastructure taxonomy is a classification system that supports the identification of investment opportunities in companies that provide the infrastructure essential for the transition to a more sustainable economy. This equity market classification defines sustainable infrastructure in two broad categories: 1. Resource Infrastructure, which includes New Energy, Water, Waste & Resource Efficiency, and Food and Agriculture sub sectors. 2. Social and Economic Infrastructure which includes Communications & Data, Buildings & Facilities, Transportation, Healthcare, Education, and Finance sub sectors. Companies must generate a minimum of 20% of their revenues from infrastructure-related activities as defined by this taxonomy.

The Impax Social Leaders taxonomy is a classification system that supports the identification of investment opportunities in companies that provide products or services that address societal challenges. This equity market classification is defined as companies who 1. derive at minimum 20% of revenues from “social markets,” meaning meeting basic needs, such as food, water, and shelter, or essential services, such as transportation and utilities; broadening economic participation by enabling access to education, jobs, financial services and/or digital services; or improving quality of life through accessible and affordable health care and wellness; and 2. also demonstrate positive behaviours through policies and programs that foster diverse, inclusive and equitable workplace cultures.

The Impax Climate taxonomy contains companies identified as typically having 50% or more of revenues in Mitigation and Primary Adaptation solutions, plus a limited amount of Secondary Adaptation solutions according to Impax’s Climate Opportunities Taxonomy. The stock-level revenue content is determined by the analyst responsible for the respective stock and confirmed and documented by a member of the Listed Investments Team with the specific universe management role.

The Impax Sustainability Lens (“Lens”) is a proprietary investment tool that is used to assess economic opportunities and risks associated with the transition to a more sustainable economy, in order to help our portfolio managers weight their portfolios toward sub-industries that we believe offer higher opportunity and lower risk.



# Weighted average carbon intensity (WACI) methodology

The Weighted Average Carbon Intensity (Tons CO<sub>2</sub>/\$M Sales) is calculated using MSCI ESG Research company level research and measures a fund's exposure to carbon intensive companies. This figure represents the estimated greenhouse gas emissions per \$1 million in sales across the fund's holdings. This allows for comparisons between funds of different sizes. A portfolio's weighted average carbon intensity is achieved by calculating the carbon intensity (Scope 1 + 2 Emissions / \$M Sales) for each portfolio company and calculating the weighted average by portfolio weight.

At the company level, the carbon intensity (Scope 1 + 2 Emissions/\$M Sales) represents the company's most recently reported or estimated Scope 1 + Scope 2 greenhouse gas emissions normalized by sales in USD. MSCI ESG Research collects company-specific direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions data from company public documents and the Carbon Disclosure Project (CDP). If a company does not report GHG emissions, then MSCI ESG Research uses a proprietary methodology to estimate Scope 1 and Scope 2 GHG emissions. The data is updated on an annual basis. Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle. Scope 2 emissions are those caused by the generation of electricity purchased by the company. For more information, visit <https://www.msci.com/index-carbon-footprint-metrics>.

Carbon Intensity scores are determined by taking the market value of each security and company-level data to calculate the weighted average score at the portfolio level. The Fund and Index weighted average carbon intensity numbers are calculated by and sourced from FactSet, using MSCI ESG Research company-level data. As of 12/31/2024, the Fund weighted average carbon intensity was vs. for the benchmark. Data availability for the Fund is % by weight, and % of the benchmark by weight. Data availability for the Fund and benchmark may not add up to 100% due to the limited data availability within emerging markets.

Data source: Bloomberg. As of 12/31/2024, top ten holdings of Impax Global Social Leaders Fund. Holdings subject to change.

Stock	Weight (%)
NVIDIA CORP	5.52
EBAY INC	4.38
INTUIT INC	3.96
SERVICENOW INC	3.74
RECRUIT HOLDINGS CO LTD	3.46
HALMA PLC	3.46
ALCON INC	3.19
MERCADOLIBRE INC	2.95
LEGAL & GENERAL GROUP PLC	2.8
DANONE	2.62





## SDG mapping methodology

The UN Sustainable Development Goals (SDGs) comprise a series of 17 sets of targets across a range of issues including poverty, inequality, climate change, clean water, gender inequality and other global challenges, to be met by the world's economies by 2030. Please refer to the SDGs for additional information. Impax Asset Management (Impax) uses the SDG framework to understand which current and potential portfolio companies are involved in activities that contribute towards addressing these critical global challenges.

Impax's methodology is based on identifying the portion of companies' revenues that relate to the targets and indicators within each Goal. Impax has mapped 51 categories (for a complete listing of the 51 revenue categories, please see p. 8 of the Impact @ Impax 2022 publication) of business activities linked to 11 of the 17 SDGs and their underlying targets and indicators. Impax focuses on those SDGs where the underlying targets of the Goal are relevant to private sector investment opportunities, rather than public funding or policy action.

Mapping of company revenues to the SDGs occurs annually at the end of each calendar year and is quantified based on portfolio company disclosures. The mapping is done on a global basis and does not differentiate between regions except in the case of financial services and telecom companies and their business activities relevant to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure) where Impax only focuses on company revenue generated in the least developed countries (LDCs). For business activities relevant to other SDGs the focus described by the SDG framework is predominantly 'global'. As such, Impax's methodology for measuring SDG-related revenue does not differentiate between geographic regions as the natural environment is regarded as a "global common."

Impax's investment process does not analyze alignment with SDGs as an investment objective or component of portfolio construction. Impax simply maps SDG-related revenue exposure for portfolio companies, which is instead a byproduct rather than a feature of the investment process.



# Environmental impact and climate transition methodology

## Impax Global Social Leaders Fund

The relevant environmental metrics for all portfolio companies were measured where data was available or could be estimated. The analysis included all companies in which the strategy was invested as of 12/31/2023. At the time of preparation, Impax aimed to obtain the most recently available and commonly collected environmental data from investee companies. For approximately 80% of companies this was from 2023 reported information, and for the remainder of companies this was from previously reported information. The percentage owned in each underlying company (calculated based on the proportion of shares owned) as of 12/31/2023 was applied to measure the environmental / social benefit attributable to the strategy. These included:

Greenhouse gas (GHG) emissions, Scope 1, 2 and 3 (tons of CO<sub>2</sub>e)

Greenhouse gas (GHG) avoidance (tons of CO<sub>2</sub>e)

- Number of individuals provided with enhanced access to financial services, p.a.(#s)
- Number of patients treated p.a. (#s)
- Healthy & nutritious food produced/sold (tons)

Number of individuals digitally connected (broadband, high-speed internet), p.a. (#)

The relevance of each metric was also assessed for each company based on its business activities.

Impax collected relevant data from company disclosures, including sources such as annual reports, CDP and sustainability reports. Where information was not available, Impax contacted companies to request additional disclosure, which in some cases produced additional relevant data.

However, some companies could not/did not provide information on several metrics. Impax therefore created estimates where robust data was obtained for these metrics:

- For missing Scope 1 and 2 GHG emissions data, Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions.
- For missing social / environmental impact data, industry or academic data was sought in order to set robust assumptions. In cases where robust data could not be found, zero impact was reported for a company.

Impax strives to be conservative with estimates in an effort to ensure that positive impact is not overstated, or in the case of GHG emissions, avoided emissions are not overstated.

The following table summarizes the data that was available and estimated for companies in the strategy. The total number of companies in the strategy as of 12/31/2023 was 42.

The social / environmental impact of investments will always depend on the mix of underlying holdings and are thus subject to change. The information contained in this report is therefore specific to the date listed herein.

Metric estimated/ disclosed	Number of companies				
	for which the metric is relevant	for which the metric was available	for which the metric was estimated	For which metric relevant but not available	For which metric was not relevant
Access to finance	6	5	1	0	7
Digitally connected individuals	2	1	1	0	11
GHG emissions	42	39	3	0	0
Healthy food produced	1	0	1	0	41
Patients treated	5	2	3	0	8



# Global Social Leaders:

## Social impact metrics - footnotes

### Essential financial services

<sup>1</sup>Impax's view of "Essential" Financial Services is broadly aligned with the Finance Watch Report. Number of individuals provided with access to essential financial services is calculated as number of customers of the following types of companies held within a given portfolio: Health & Life Insurance (Global exposure is considered), diversified Banks (Emerging markets exposure only is considered), Financial Platforms (Global exposure is considered), Diversified Financial Services (Global or Emerging Markets exposure is considered depending on the type of company activities). We assume the number of customers disclosed by companies at year end (including daily average figures), as a yearly proxy.

### Number of patients treated

<sup>2</sup>Calculated as the number of patients medically treated by the products and services of the following types of healthcare companies: Healthcare Equipment (Global exposure is considered), Healthcare Providers & Services (Global exposure is considered), Pharmaceuticals (Global exposure is considered). We assume the number of patients or customers disclosed by companies at year end (including daily average figures), as a yearly proxy.

### Healthy and nutritious food produced/sold

<sup>3</sup>Impax considers nutritious foods as those generally regarded as forming part of healthy, balanced diets. These foods should provide nutrients needed for optimal health, without excess calories, saturated fats, sodium or added sugars. Examples of healthy foods include fruits, vegetables, whole grains, lean and minimally processed meat (excluding beef), nuts, seeds and healthy oils, as well as healthy dairy products such as whole milk and yoghurts, alternative proteins and child and adult nutritional supplements. For each company, we calculated the percentage of revenues aligned with our Sustainable Food taxonomy (as this proved more conservative than company estimates). Multiplying these respective alignment figures by companies' total food production volumes (as reported by the companies) provided us with estimated volumes of healthy and nutritious food produced, in tonnes.

### Number of individuals digitally connected

<sup>4</sup>Calculated as the number of global customers of Communication Services companies held within a given portfolio. For developed countries only, the Number of individuals digitally connected figure is multiplied by the % of people lacking internet connection (Global Finance Magazine). To minimise the risk of overcounting for service providers, we are only including the daily average figure, which are used as yearly proxy.



## Disclosures and definitions

\*The MSCI ESG Fund Rating is designed to assess the resilience of a fund's aggregate holdings to long term ESG risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. Highly rated funds consist of issuers with leading or improving management of key ESG risks. The Fund ESG Rating is calculated as a direct mapping of "Fund ESG Quality Score" to letter rating categories. The MSCI ESG Quality Score assesses the resilience of a fund's aggregate holdings to long-term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks, based on a granular breakdown of each issuer's business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production. The MSCI ESG Quality Score is provided on a 0-10 scale, with 0 and 10 being the respective lowest and highest possible fund scores.

The MSCI ESG Quality Score is assessed using the underlying holding's Overall ESG Scores, Overall ESG Ratings, and Overall ESG Rating Trends. It is calculated in a series of 3 steps. Step 1: Calculate the Fund Weighted Average ESG Score of the underlying holding's Overall ESG Scores. The Overall ESG Scores represent either the ESG Ratings Final Industry-Adjusted Score or Government Adjusted ESG Score of the issuer. Methodology for the issuer level scores are available in the MSCI ESG Ratings Methodology document. Step 2: Calculate adjustment % based on fund exposure to Fund ESG Laggards (%), Fund ESG Trend Negative (%), and Fund ESG Trend Positive (%). Step 3: Multiply the Fund Weighted Average ESG Score by (1 + Adjustment %).

The MSCI ESG Ratings range from Leader, Average to Laggard. AAA, AA: Leader (Fund ESG Quality Scores: 8.6- 10: AAA, 7.1- 8.6: AA) - The companies that the fund invests in tend to show strong and/or improving management of financially relevant environmental, social and governance issues. These companies may be more resilient to disruptions arising from ESG events. A, BBB, BB: Average (Fund ESG Quality Scores: 5.7- 7.1: A, 4.3- 5.7: BBB, 2.9- 4.3: BB) - The fund invests in companies that tend to show average management of ESG issues, or in a mix of companies with both above-average and below-average ESG risk management. B, CCC: Laggard (Fund ESG Quality Scores: 1.4- 2.9: B, 1.4 and below: CCC) - The fund is exposed to companies that do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These companies may be more vulnerable to disruptions arising from ESG events. For more information, please visit [www.msci.com/esg-fund-ratings](http://www.msci.com/esg-fund-ratings).

\*\*The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio holdings are managing their financially material environmental, social and governance, or ESG, risks relative to the fund's Morningstar Global Category peers. The Morningstar Sustainability Rating calculation is a five-step process. First, each fund with at least 67% of assets covered by a company-level ESG Risk Score from Sustainalytics receives a Morningstar Portfolio Sustainability Score. The Morningstar Portfolio Sustainability Score is an asset-weighted average of company-level ESG Risk Scores. The Portfolio Sustainability Score ranges between 0 to 100, with a higher score indicating that a fund has, on average, more of its assets invested in companies with high ESG Risk. Second, the Historical Sustainability Score is an exponential weighted moving average of the Portfolio Sustainability Scores over the past 12 months. The process rescales the current Portfolio Sustainability Score to reflect the consistency of the scores. The Historical Sustainability Score ranges between 0 to 100, with a higher score indicating that a fund has, on average, more of its assets invested in companies with high ESG Risk, on a consistent historical basis. Third, the Morningstar Sustainability Rating is then assigned to all scored funds within Morningstar Global Categories in which at least thirty (30) funds receive a Historical Sustainability Score and is determined by each fund's Morningstar Sustainability Rating Score rank within the following distribution: High (highest 10%), Above Average (next 22.5%), Average (next 35%), Below Average (next 22.5%), and Low (lowest 10%). Fourth, then Morningstar applies a 1% rating buffer from the previous month to increase rating stability. This means a fund must move 1% beyond the rating breakpoint to change ratings. Fifth, they adjust downward positive Sustainability Ratings to funds with high ESG Risk scores. The logic is as follows: If Portfolio Sustainability score is above 40, then the fund receives a Low Sustainability Rating. If Portfolio Sustainability score is above 35 and preliminary rating is Average or better, then the fund is downgraded to Below Average. If the Portfolio Sustainability score is above 30 and preliminary rating is Above Average, then the fund is downgraded to Average. If the Portfolio Sustainability score is below 30, then no adjustment is made. The Morningstar Sustainability Rating is depicted by globe icons where High equals to 5 globes and Low equals 1 globe. Since a Sustainability Rating is assigned to all funds that meet the above criteria, the rating it is not limited to funds with explicit sustainable or responsible investment mandates. Morningstar updates its Sustainability Ratings monthly. The Portfolio Sustainability Score is calculated when Morningstar receives a new portfolio. Then, the Historical Sustainability Score and the Sustainability Rating is calculated one month and six business days after the reported as-of date of the most recent portfolio. As part of the evaluation process, Morningstar

Continued on next page





## Disclosures and definitions: continued

\*\*The Morningstar Sustainability Rating™, continued

uses Sustainalytics' ESG scores from the same month as the portfolio as-of date. Please visit [morningstar.com/content/dam/marketing/shared/research/methodology/SustainabilityRatingMethodology\\_2021.pdf](https://www.morningstar.com/content/dam/marketing/shared/research/methodology/SustainabilityRatingMethodology_2021.pdf) for more detailed information about the Morningstar Sustainability Rating methodology and calculation frequency. Sustainalytics is an independent ESG and corporate governance research, ratings, and analysis firm. Morningstar, Inc. holds a non-controlling ownership interest in Sustainalytics.

\*\*\*The Morningstar Low Carbon Designation is given to portfolios with low Carbon Risk Score and low levels of fossil fuel exposure. Morningstar calculates the Carbon Risk Score based on company-level carbon-risk assessments from Sustainalytics, a leading independent provider of ESG and corporate governance ratings and research. Morningstar calculates carbon metrics on a quarterly basis for any fund that has at least 67 percent of its portfolio assets covered by Sustainalytics' company-level carbon-risk research. The Carbon Risk Score is the asset-weighted sum of the carbon risk scores of its holdings, averaged over the trailing 12 months and displayed as a score and a category: 0 corresponds to the Negligible risk category; 0.10-9.99 = Low risk; 10-29.99 = Medium risk; 30-49.99 = High risk; and 50 or higher up to 100 = Severe risk. The Morningstar® Portfolio Fossil Fuel Involvement™ percentage is a portfolio's asset-weighted percentage exposure to fossil fuels, averaged over the trailing 12 months. The Low Carbon Designation is based on a fund's Carbon Risk Score and its Fossil Fuel Involvement percentage.

The Morningstar Low Carbon Designation is intended to allow investors to easily identify low-carbon funds across the global universe. The designation is an indicator that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy. The Morningstar Portfolio Fossil Fuel Involvement percentage assesses the degree to which a portfolio is exposed to thermal coal extraction and power generation as well as oil and gas production, power generation, and products & services. To receive the designation, a portfolio must meet two criteria: a. A 12-month trailing average Morningstar Portfolio Carbon Risk Score below 10 and b. A 12-month trailing average exposure to fossil fuels less than 7% of assets, which is approximately a 33% underweighting to the global equity universe. Please visit [morningstar.com/content/dam/marketing/shared/research/methodology/SustainabilityRatingMethodology\\_2021.pdf](https://www.morningstar.com/content/dam/marketing/shared/research/methodology/SustainabilityRatingMethodology_2021.pdf) for more detail information about the Morningstar Low Carbon Designation and its calculation.

Low Carbon Designation as of 11/30/2024. Portfolio as of 12/31/2024. Category: Global Large-Stock Growth. Based on 87% of AUM. Data is based on long positions only.

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## Important information

### Risk:

Equity investments are subject to market fluctuations, the fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. Non-US securities may have less liquidity and more volatile prices than domestic securities, which can make it difficult for the Fund to sell such securities at desired times or prices. Non-US markets may differ from US markets in material and adverse ways. For example, securities transaction expenses generally are higher, transaction settlement may be slower, recourse in the event of default may be more limited and taxes and currency exchange controls may limit amounts available for distribution to shareholders. Non-US investments are also subject to the effects of local political, social, diplomatic or economic events. The Fund is actively managed. The investment techniques and decisions of the investment adviser and the Fund's portfolio manager(s), including the investment adviser's assessment of a company's ESG (Environmental, Social and Governance) profile when selecting investments for the Fund, may not produce the desired results and may adversely impact the Fund's performance, including relative to other Funds that do not consider ESG factors or come to different conclusions regarding such factors.

***This material must be preceded or accompanied by a prospectus. Please read it carefully before investing. Investment return and principal value will fluctuate so that you may have a gain or a loss when you sell your shares.***

**You should consider a fund's investment objectives, risks and charges and expenses carefully before investing. Past performance is no guarantee of future results.**

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