

## **Impax Core Bond Fund**

### **2024 Sustainability Report: Beyond Financial Returns – Q1 2025**



# 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.

The table below highlights some sustainability metrics that are relevant to the portfolio:

2024 metrics (as at 31 December 2024)	Total Portfolio (US\$833mn)
Portfolio Weighted Average Carbon Intensity (WACI) <sup>1</sup> (Scope 1 & 2)	194
Weight of borrowers with carbon reduction targets in line with the Science Based Targets Initiative (SBTi)	17.52%
Weight of borrowers producing a TCFD annual report	26.34%

<sup>1</sup> For more information, refer to the "Definition of Impax's proprietary tools and taxonomies" page. For information on data availability, refer to the "Environmental impact and climate transition methodology" page.



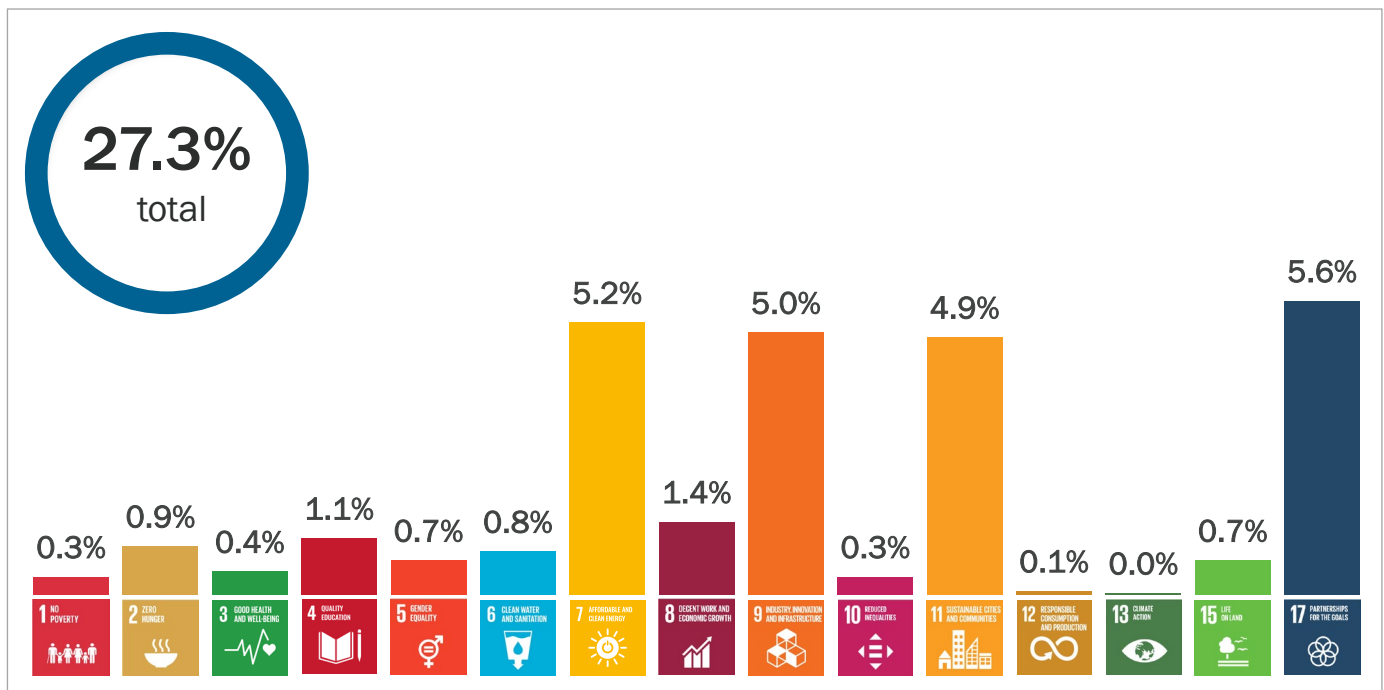
## UN Sustainable Development Goals alignment

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 2024.

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 at 31 December 2024. 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. 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.

## Stewardship and advocacy

As an investor focused on the transition to a more sustainable economy, stewardship and advocacy are the twin levers that we can pull to help our investee companies navigate risks and opportunities and to influence change in the real economy.

2023 marked an important milestone in the coordination of our stewardship and advocacy activities as our expanding Sustainability & Stewardship and Policy Advocacy teams combined to form the Impax Sustainability Centre. This centre of excellence enables us to be more effective stewards of our clients' investments and to better shape the market for an accelerated transition to a more sustainable economy. It also positions us to navigate the rapidly expanding range and depth of sustainability-related issues, and to meet the growing expectations of clients, regulators and other stakeholders.

Our stewardship and advocacy activities are focused on four overarching themes – Climate, Nature, People and Governance – around which we structure this part of this report.

### Engagement

The Impax investment process is focused on a comprehensive understanding of the character and quality of our investee companies and issuers. Engagement is used both to mitigate risk and to enhance value and investment opportunities. Engagement can help us to:

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

# 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: American Water Works



**Company description:** Based in New Jersey, American Water Works provides water and water-related services to about 14 million people across 47 states in the US, as well as in Ontario, Canada. The company contributes to the availability and distribution of fresh water to millions of residential, commercial, and industrial customers.



## Impact

American Water discloses water service volumes in its corporate filings<sup>1</sup> – excluding fire and public services, in 2022 (most recent data available at the time of data collection) the utility **provided 277 billion gallons, or 1,048,548 megaliters of potable water**. The company also notes that its residential customers **saved 3.4 billion gallons (15,456.71 megaliters) of water annually** through water saving measures, as encouraged by American Water Works' customer education and information-sharing engagements.<sup>2</sup> For water utilities, detecting and repairing leaks is a main component for water conservation. Deteriorating infrastructure, fluctuating water temperatures, soil movement, vibrations and water pressure changes are just some of the factors contributing to water leakage. Finding and stopping leaks quickly reduces repair costs, chemical use, energy consumption, and associated greenhouse gas emissions. With enhanced metering systems, American Water is well positioned to educate customers about taking steps to conserve. Building upon pioneering work with acoustic leak detection systems and improved metering techniques, American Water has intensified efforts to find leaks in systems more rapidly and reduce water lost due to leaks (non-revenue water).



## Engagement

### Nature

#### Objectives

- Understand American Water's process for assessing nature-related dependencies and impacts (partially achieved, 2023)
- Disclose assessment of its nature-related dependencies and impacts, in line with the Taskforce on Nature-Related Financial Disclosures (TNFD) framework (in progress)

#### Activities

We have engaged with American Water in recent years on its sustainability disclosures and its management of Equity, Diversity and Inclusion (ED&I) and human capital. In 2023, we broadened our engagement to focus specifically on understanding the company's assessment of its nature-related dependencies and impacts. We engaged on this issue in collaboration with an Impax client that is an American Water shareholder.

#### Outcomes

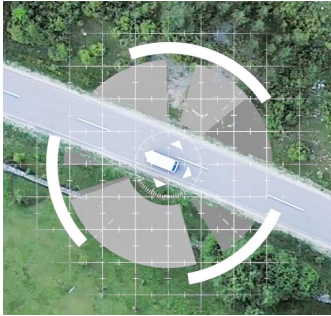
American Water explained that biodiversity considerations are integrated into company operations and span capital planning, water use and efficiency, wastewater treatment and environmental grants. The company acknowledged that it could improve its public reporting on biodiversity, and in its 2023 Sustainability Report, it included a section on biodiversity for the first time, specifically citing feedback from shareholders. The company is currently evaluating the TNFD for potential disclosure in the future.

#### Next Steps

We continue to engage the company on this topic and encourage alignment with the TNFD framework to assess its nature-related dependencies, impacts, risk and opportunities.

*The securities mentioned in this document should not be considered a recommendation to purchase or sell any particular security and there can be no assurance that any securities discussed herein are or will remain in strategies managed by Impax. Impax makes no representation that any of the securities discussed were or will be profitable, or that future investment decisions will be profitable. The selection criteria for case study examples is not based on performance. To illustrate our engagement work, we aim to show examples that illustrate our firmwide engagement priorities (Climate, Nature, People, and Governance) and different stages of engagement (outreach, meaningful dialogue with management and achievement of objectives). Of the companies demonstrating progress against engagement objectives in 2023, we selected companies that could also be used for impact examples based on their contributions in the relevant impact area/strategy. <sup>1</sup>American Water Works 2023 10-K. <sup>2</sup><https://www.cdp.net/>*

## Case study: Aptiv



**Company description:** Aptiv PLC manufactures and distributes components for automobile and commercial vehicles around the world. The company is a leader in the development of safe autonomous driving solutions, green electric vehicle systems, and connected technology that enables the wider adoption of sustainable transportation.



### Impact

As one of the key players in smart vehicle architecture and the electrification of mobility, Aptiv offers a host of solutions pertaining to connectivity, electrical distribution, and vehicle electrification, among others. As an example of innovation, as OEMs (original equipment manufacturers) refine the designs of their electric vehicles, they continue to look for ways to reduce weight to ensure that the EVs operate as efficiently as possible. Aptiv has helped a major OEM use innovative technologies to quickly take weight out of two high-voltage components: a power splice, and the cables used in the traction harness and other battery connections. In another case study, using the advanced technology in smart electrical centers, Aptiv demonstrated to a major OEM that it could eliminate one of three traditional electrical centers in one of its vehicles, save 4.4 pounds (2kg) in weight, reduce power requirements by 57 watt hours (Wh) and reduce overall cost — all while improving functionality.<sup>1</sup>

Given the industrial and automotive nature of its focus, the vast majority of Aptiv's GHG emissions come from Scope 3. Importantly, it is estimated that Aptiv-equipped electric vehicles, through the use of Aptiv high-voltage solutions, **saved nearly 1.7 million tCO<sub>2</sub>e in GHG emissions in 2022** (most recent data available at time of data collection).<sup>2</sup>

## Case study: Aptiv (continued)



### Engagement

#### People

##### Objectives

- Enhance disclosure of Equity, Diversity, and Inclusion (E,D&I) data (achieved, Employment Information Report data disclosed in 2021, gender pay equity data disclosed in 2022)
- Improve gender pay equity (achieved, 2023)
- Improve diversity in executive leadership (in progress)

##### Activities

Given Aptiv's significant workforce of over 200,000 employees, Impax's recent engagements have focused on human capital management processes, including leadership and workforce diversity. During the latest engagement, Impax spoke with Aptiv's new Chief People Officer (appointed in 2023) for the first time and the company reiterated the importance it places on health and safety, talent development and retention, leadership diversity, and pay equity.

The company has maintained a low lost workday case rate in recent years – key for productivity, employee engagement and retention. More recently, the company had focused on attracting technical talent, which has been challenging to secure in prior year, and on developing career pathways for technical roles.

##### Outcomes

Impax gained greater insight into Aptiv's approach to human capital management from its Chief People Officer. Following improvements in board level gender diversity in 2021, the company has focused on progressing diversity in executive roles, achieving 27% gender diversity across executive roles globally and 31% racial diversity in U.S. executive roles in 2023. Pay equity initiatives and reporting have also improved; in 2023, Aptiv achieved gender pay parity among comparable roles globally.

The company also confirmed that it had appointed a new Chief Technical Officer in January 2024, emphasizing increasing importance and focus on retention and development of technical talent.

##### Next Steps



We continue to monitor Aptiv's progress on these topics.



# Memberships

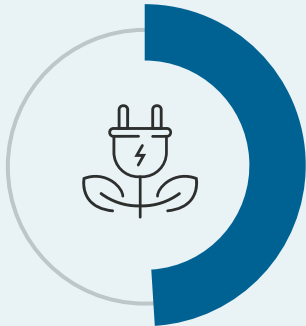
Impax works collaboratively with industry organizations and our peers to shape the markets needed for the transition to a more sustainable economy to accelerate.

Here is a selection of our current memberships by theme:

 Climate	 Nature	 Governance
Carbon Disclosure Project (CDP)	Finance Sector Deforestation Action (FSDA)	Asian Corporate Governance Association (ACGA)
Ceres Investor Network	Investor Environmental Health Network (IEHN)	Council of Institutional Investors (CII)
Climate Financial Risk Forum (CFRF)	Investor Policy Dialogue for Deforestation (IPDD)	Confederation of British Industry (CBI)
Confederation of British Industry (CBI)	Natural Capital Investment Alliance (NCIA)	Global ESG Benchmark for Real Assets (GRESB)
Energy Transitions Commission (ETC)	Nature Action 100 (NA100)	Interfaith Center on Corporate Responsibility (ICCR)
Farm Animal Investment Risk and Return Initiative (FAIRRI)	Principles for Responsible Investment (PRI) Spring	UK Sustainable Investment and Finance Association (UKSIF)
Financing a Just Transition Alliance (FJTA)	Taskforce on Nature-related Financial Disclosures (TNFD)	International Corporate Governance Network (ICGN)
Glasgow Financial Alliance for Net-Zero (GFANZ)		Principles for Responsible Investment (PRI)
Global Impact Investment Network (GIIN)		Shareholder Rights Group
Institutional Investors Group on Climate Change (IIGCC)		The Investing and Saving Alliance (TISA)
Investment Association (IA)		UK Stewardship Code (UKSC)
Net Zero Asset Managers initiative (NZAM)		The US Forum for Sustainable and Responsible Investment (USSIF)
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)		
	 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	

# Impax Asset Management Sustainability highlights 2023

## Investments



**49%**

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



**92%**

AUM committed under NZAM targeting 'transition aligned/aligning' climate plans and processes<sup>1</sup>

## Operational



**97%**

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



**2030 target is 100%**

## Stewardship & Advocacy



**25%**

of engagement dialogues focused on climate-related issues in 2023<sup>2</sup>



**91%**

climate-related shareholder proposals supported in 2023

**Early adopter**  
of TNFD  
recommendations

Became  
a member of  
**Nature Action 100+**

Contributed to  
**TPT asset management**  
sector guidance



<sup>1</sup>As at 31 December 2023. See page 3 for our definition of 'transition aligned/aligning'. <sup>2</sup>Other areas of priority for stewardship and advocacy activities are Governance, Nature and People. See our Stewardship and Advocacy Report 2024 for 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" recognises that we have a responsibility to promote prosperity while protecting the planet. We are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.

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



We aim to donate 0.5% - 1% of our pre-tax profit to support our community partners and charitable activity. In our financial year 2023 we donated £504,933 to charitable causes (up from £287,382 in 2022).<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 organisation, ClientEarth's team of lawyers fight the systems which restrict the planet's freedom, using the power of the law to create lasting impact and drive systematic change to protect the earth. They advise decision-makers on policy, train legal and judicial professionals and launch legal interventions.
- Groundwork is a federation of charities mobilising practical community action on poverty and the environment across the UK. Our partnership supports 10 disadvantaged young people into jobs in the green economy in Yorkshire through the Green Jobs Pathfinder, aiming to create accessible pathways into entry-level green roles, increase the diversity of people pursuing green careers, and help 'left-behind' places to thrive through a green economy.
- Country Trust is one of the UK leading educational charities. The Impax Food Discovery Programme helps give 460 children in 10 schools the opportunity to get hands on with the living world, to learn practical skills, and to begin to discover where our food comes from, and how food, and food production is connected to health and sustainability.
- The Pax Scholarship Program honours our Pax World Funds heritage by awarding annual scholarships to three New Hampshire-based educational and non-profit institutions promoting sustainable finance, advancing women and girls, and fostering global peace. The programme aims to serve young leaders from around the world.

<sup>1</sup>UK Stewardship Code Statement, [uk-stewardship-code.pdf](https://www.uk-stewardship-code.org.uk/uk-stewardship-code.pdf) ([impaxam.com](https://www.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.





# 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.

## 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.



## 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 03/31/2025, the Fund weighted average carbon intensity was 27.26 vs. 23.97 for the benchmark. Data availability for the Fund is 157.55% by weight, and 205.86% 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: FactSet. As of 03/31/2025, top ten issuers of Impax Core Bond Fund . Holdings subject to change.

Stock	Weight (%)
US TREASURY N/B	20.76
FANNIE MAE	16.62
FREDDIE MAC	7.84
GOVERNMENT NATIONAL MORTGAGE A	2.94
INTL BK RECON & DEVELOP	2.72
FANNIEMAE-ACES	1.55
KFW	1.39
FEDERAL FARM CREDIT BANK	1.17
FHLMC MULTIFAMILY STRUCTURED P	1.15
JPMORGAN CHASE & CO	1.02

# Environmental impact and climate transition methodology

The relevant environmental metrics for all portfolio issuers were measured where data was available or could be estimated. The analysis included all issuers in which the strategies were invested as of 12/31/2024. At the time of preparation, Impax aimed to obtain the most recently available and commonly collected environmental data from investee issuers. The percentage owned in each underlying issuer (calculated based on the proportion of shares owned) as of 12/31/2024 was applied to measure the environmental benefit attributable to the strategies. These included:

Carbon Intensity, Scope 1, and 2 (tCO<sub>2</sub>e/revenue)

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 below table summarizes the data that was available and estimated for companies in the strategy. The total number of issuers in the portfolio as of December 31, 2024 was 165.

The 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	Percentage of issuers for which the metric was available
Carbon intensity (tCO <sub>2</sub> e/revenue) – Scope 1 & 2	92%

## Disclosures and definitions

\*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 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.

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## 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 03/31/2025, the Fund weighted average carbon intensity was 27.26 vs. 23.97 for the benchmark. Data availability for the Fund is 157.55% by weight, and 205.86% 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: FactSet. As of 03/31/2025, top ten issuers of Impax Core Bond Fund . Holdings subject to change.

Stock	Weight (%)
US TREASURY N/B	20.76
FANNIE MAE	16.62
FREDDIE MAC	7.84
GOVERNMENT NATIONAL MORTGAGE A	2.94
INTL BK RECON & DEVELOP	2.72
FANNIEMAE-ACES	1.55
KFW	1.39
FEDERAL FARM CREDIT BANK	1.17
FHLMC MULTIFAMILY STRUCTURED P	1.15
JPMORGAN CHASE & CO	1.02





## Important information

### Risk:

Yield and share price will vary with changes in interest rates and market conditions. Investors should note that if interest rates rise significantly from current levels, bond fund total returns will decline and may even turn negative in the short term. Mortgage related securities tend to become more sensitive to interest rate changes as interest rates rise, increasing their volatility. There is also a chance that some of the fund's holdings may have their credit rating downgraded or may default. 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.

Investment return and principal value will fluctuate so that you may have a gain or a loss when you sell your shares.

***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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