Data in this report relates to the period
1 January 2023 – 31 December 2023

Specialists strategy

2024 Sustainability Report: Beyond Financial Returns

FOR INSTITUTIONAL, PROFESSIONAL OR ACCREDITED INVESTORS ONLY[1]. NOT FOR PUBLIC DISTRIBUTION.

[1]"Accredited investor" within the meaning of OSC Rule 45-501, Canada.

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.

Specialists strategy	Minimum	Actual (as of 31 December 2023)
Thematic revenue exposure (weighted average) Impax's **environmental markets taxonomy**[1], established in 1998, is used to identify companies that we believe benefit from the long-term trends of rising global populations and wealth, changing demographics, urbanization, and increasing consumption. This proprietary taxonomy continues to underpin Impax's Thematic Equities strategies.	Min 50%	77.71%

[1] 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 at 31 December 2023)	Per US$1mn invested	Total Portfolio (US$3.7bn)
Scope 1 & 2 GHG emissions (tCO_2e)	98	358,760
Scope 3 GHG emissions (tCO_2e)	275	1,015,890
Total GHG Emissions (Scope 1. 2 & 3. (tCO_2e))	373	1,374,640
Portfolio Weighted Average Carbon Intensity (WACI)[1] (Scope 1, 2 & 3)	532	-
Benchmark Weighted Average Carbon Intensity[2] (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 at 31 December 2023)	Per US$1mn invested	Total portfolio (US$3.7bn)
Avoided GHG Emissions (tCO2e)	490	1,807,760
Weighted average revenue exposure to climate solutions[3]	–	73.00%

Net Zero Alignment[4]

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.

Aligned / aligning with net zero (% of portfolio) **85%**

Not aligned with net zero (% of portfolio) **14%**

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 31 December 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. [1]For more information on how he WACI is calculated, see methodology page towards the end of this document. [2]Benchmark used is MSCI ACWI. [3]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. [4]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 31 December 2023.

Environmental benefits

This Impax portfolio invests globally in companies that are developing innovative solutions to environmental challenges

The world's environmental challenges extend beyond the dangers posed by climate change. Pressure is mounting to also tackle other systemic issues including water pollution and waste created by unsustainable economic processes. Impax's thematic strategies invest in companies that deliver environmental solutions beyond avoiding GHG emissions. The products and services of the portfolio companies are designed to deliver positive water and materials recovery impacts that we quantify – metrics we have been reporting on since 2015. We report on the water treated, saved or provided, and the materials recovered and waste treated through portfolio companies' activities for Impax's environmental thematic strategies.

Water impact is typically delivered by holdings in water utilities and water technology companies. Recycling and waste management companies are typically major contributors to portfolios' materials recovered and waste treated impact figures. We also report the total renewable electricity generated by each strategy's portfolio companies as an indicator of their contribution to the clean energy transition. By generating renewable electricity, demand for fossil fuel-fired generating capacity can be reduced, thereby lowering GHG emissions in markets where companies operate and delivering progress towards national net-zero targets.

To provide real-world context, we include equivalencies for each of these four environmental impact metrics.

	Per US$1mn invested	Equivalent to	Total Portfolio (US$3.7bn)	Equivalent to
Avoided GHG Emissions	490 tCO_2e	107 cars off the road[1]	1,807,760 tCO_2e	392,990 cars off the road[1]
Water provided/ saved/treated	11 million gallons	99 households' water consumption[2]	39,800 million gallons	363,330 households' water consumption[2]
Renewable energy generated	190 MWh	18 households' electricity consumption[3]	701,680 MWh	65,030 households' electricity consumption[3]
Material recovered/ waste treated	14 US tonnes	6 households' waste consumption[4]	53,630 US tonnes	23,850 households' waste consumption[4]

There can be no assurance that results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Impact of US$1mn invested in the strategy, and the entire portfolio for one year. Based on most recently reported annual environmental data for holdings in the strategy as of 31 December 2023. Impax's impact methodology is based on equity value.

[1]Figures based on average annual emissions of a car (tCO_2e): 4.6 tCO_2 (2018 remains the most current figure from EPA - still the case in May 2024).

[2]Average annual US household water usage of 414,502 litres. Source: Impax calculations, based on water usage data from the US Environmental Protection Agency (2023), the US Geological Survey (2023) and The World Counts (2023).

[3]Average annual US household electricity usage of 10.8 MWh. Source: US Energy Information Agency, 2022. Average annual household waste generation (kg): 2.2226 kg. National Overview: Facts and Figures on Materials, Wastes and Recycling | US EPA.

[4]The total generation of municipal solid waste (MSW) in 2018 was 292.4 million tons (U.S. short tons, unless specified) or 4.9 pounds per person per day. - last updated November 2023. Please refer to Impact methodology page for more details on our impact reporting.

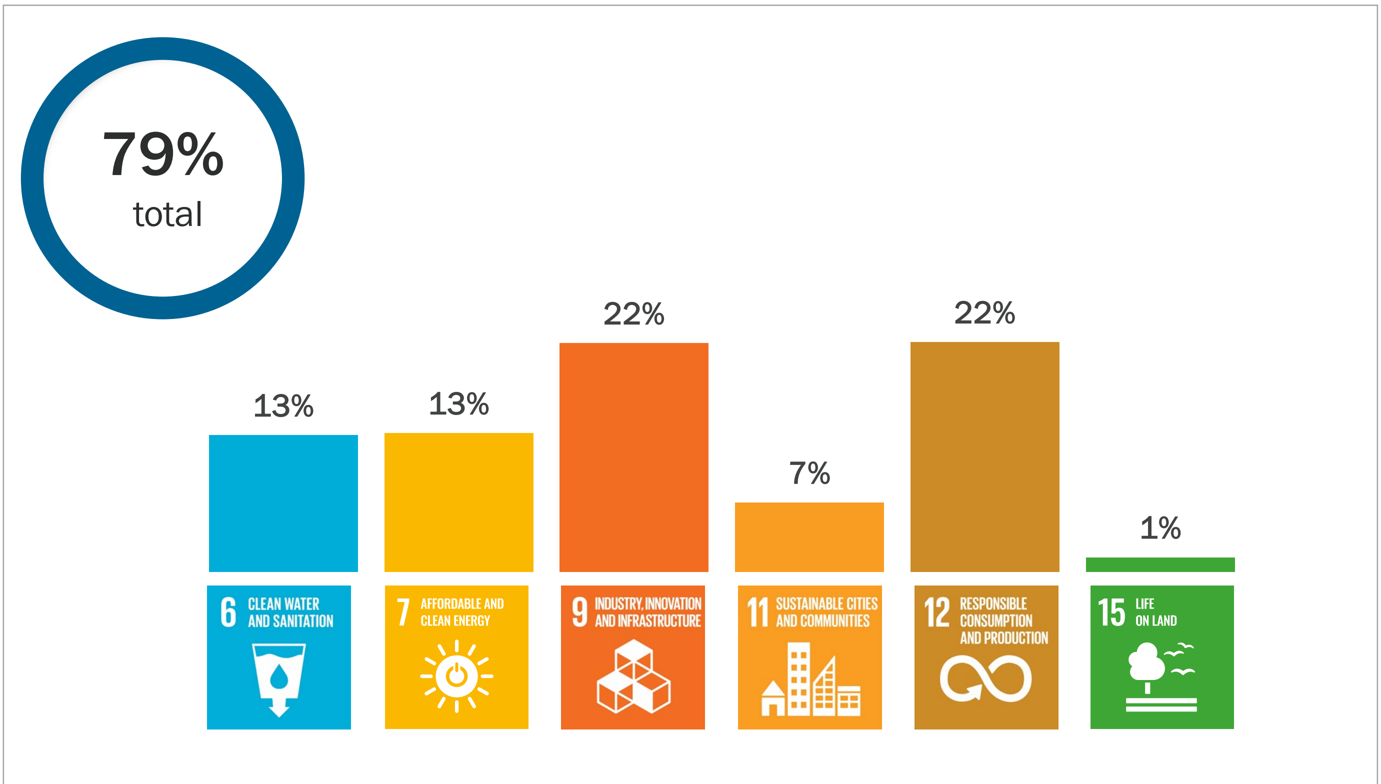
UN Sustainable Development Goals alignment

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 summarises portfolio company exposure to the UN SDGs for the portfolio, as at the end of 2023.

Impax's investment process does not analyse 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 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.

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

Specialists strategy engagement metrics

Outreach[1]

Targeted contact with a company on a specific sustainability issue. Outreach can be an effective means of sharing our perspective or expectations concerning a particular issue

34 Companies with whom we initiated outreach in 2023

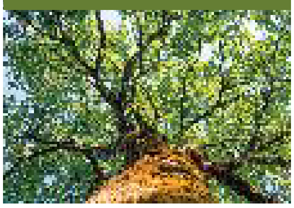
Dialogues[1]

A discussion with, or response from, a company either by email or by meeting/call on a specific or range of sustainability-related issues

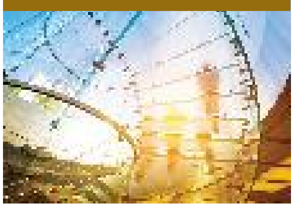
28 Companies with whom we had dialogues in 2023

Climate
38%

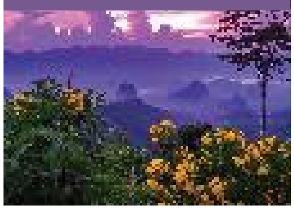
Nature
33%



People
56%



Governance
51%



Source: Impax Asset Management. Data as at 31 December 2023. As multiple sustainability topics are often addressed in one engagement dialogue, the percentages in the table may not add to 100%. [1]Data based on representative account. Mapping to the representative account in the strategy that we believe most closely reflects the current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative account. The characteristics of the representative account shown may differ from those of other accounts in the strategy. The breakdown of engagement dialogue themes is calculated as a percentage of the total number of dialogues.

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.[1]

Firm
Proxy voting summary for 2023

990
meetings where Impax voted
(100% of possible total)[2]

10%
management resolutions
which Impax voted against

67%
shareholder resolutions
which Impax supported

Firm
Support during 2023

In 2023, we supported:

77% of human capital/ E,D&I-related shareholder proposals

91% of climate-related shareholder proposals

Specialists strategy proxy voting

Proxy voting summary for 2023

62
meetings where Impax voted
(100% of possible total)[2]

11%
management resolutions
which Impax voted against

75%
shareholder resolutions
which Impax supported

[1]Impax Asset Management, January 2024: Proxy Voting Guidelines. [2]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. [3]Data based on representative account. Mapping to the representative account in the strategy that we believe most closely reflects the current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative account. The characteristics of the representative account shown may differ from those of other accounts in the strategy.

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 minimise 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.[1] 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.[2] 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 capitalisation 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.[3] 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.[4] 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 standardise 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.

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

Case study: Borregaard

Company description: Norway-based Borregaard ASA supplies specialty chemical companies with sustainable biochemicals which they produce from renewable raw materials. These biochemicals, which include lignin and cellulose manufactured from wood, replace harmful oil-based products and thereby reduce environmental damage.

Impact

Borregaard has performed analyses of some of its lignin-based specialty chemical products to quantify environmental impact compared to alternative products derived from fossil raw materials. For example, the company's analysis shows that emissions from lignin-based biopolymers are 70% lower than such polymers produced from fossil materials. For Borregaard's second-generation bioethanol, emissions are 86% lower vs fossil fuel gasoline.[1,2,4]

The biosolutions segment represents products directly replacing oil-based alternatives and represents ~60% of total company revenue. Impax estimates that Borregaard's biosolution products, including biochemicals such as bioethanol, as well as biopolymers and biovanillin, **avoid 990,000 tCO_2e in GHG emissions per year**[1,2,3,4,5] This compares to group-level GHG emissions (including Scope 3) of 853,000 tCO_2e per year. [1,2,3]

Engagement

Nature

Objectives

In line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework:

- Understand Borregaard's nature-related dependencies and impacts (achieved, 2023)
- Identify nature-related risks and opportunities (in progress)
- Improve nature-related disclosures in line with the TNFD framework (in progress)
- Set science-based targets for nature (in progress)

Activities

Borregaard was identified as a target for engagement given the company's material dependencies and impacts on nature. The company, which is already relatively advanced in managing nature-related risks, outlined its dependencies on wood, the process of certification, and other areas in which its processes could improve. Our discussion focused on water pollution as well, and the company outlined its clear processes for waste reduction.

Outcomes

Borregaard is updating its 2023 reporting to comply with the Taskforce on Nature-related Financial Disclosures (TNFD) and the Taskforce on Climate-related Financial Disclosures (TCFD). It is also progressing with plans to set science-based targets for nature.

Next Steps

Impax will continue to monitor Borregaard's alignment with the TNFD framework and its setting of nature-based targets.

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. [1]https://www.cdp.net/. [2] Borregaard Annual Reports. [3] Borregaard Company Sustainability Report. The avoided emissions calculation looks at lignin-based biopolymers (LBB), with the goal of quantifying the environmental load connected to utilizing wood to produce speciality chemicals like LBB. This environmental performance is compared to a Polycarboxylate (PCE) ether dispersant based on a fossil raw material. [4]Source: Impax. [5]Based on estimates of the company's production volume of lignin-based biopolymers and company's estimate that lignin-based biopolymers have a 70% lower CO_2 footprint through the overall life cycle compared to a synthetic dispersant.

Case study: Generac

Company description: Generac Holdings Inc. manufactures automatic, stationary standby, and portable generators to serve the residential, commercial, industrial, and telecommunications markets around the world. As a leading supplier of generators in the United States, the company plays a pivotal role in climate change adaptation by providing reliable and resilient power in case of extreme climate events like hurricanes or wildfires. The company's fast-growing energy storage business also supports the transition to clean power by facilitating the integration of solar power as a source of electricity.

Impact

Generac's PWRcell Solar + Battery Storage systems provide back-up power for grid outages. Generac calculates that as of the most recent data available, 162.4 GWh of power were produced by these units during the year, which contributed to over 116,000 metric tons of tCO_2e of GHG emission avoidance.[1]

Engagement

Climate

Objectives

- Collect baseline GHG emissions data (Scope 1 & 2 – Achieved, 2022; Scope 3 – In progress)
- Publicly disclose emissions data in its annual/sustainability report (Achieved, 2023)
- Set science-based emissions reduction targets (In progress)
- Develop robust net-zero transition plan (not started)

Activities

In 2022, Impax reached out to Generac specifically regarding climate, given the company's lack of emissions disclosures. In 2023, we followed up as part of our priority outreach on climate to discuss our voting guidelines and increasing expectations in line with our commitments under the Net Zero Asset Managers (NZAM) initiative.

Outcomes

Our dialogue with Generac has been constructive and the company's responses to our feedback have been positive. In 2023, the company disclosed its Scope 1 and 2 GHG emissions for the first time. Generac is currently developing ESG roadmaps by priority theme and undertook an in-depth assessment of Scope 3 emissions in 2023. The company intends to disclose the outcome of this exercise, including more detailed Scope 3 emissions data, in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework in its 2024 reporting. While in the early stages of developing its climate risk management processes, the company is in the process of integrating climate-related considerations into its strategic planning, risk management cycles and governance structures across its products, operations and supply chain, in line with the TCFD framework. In addition, it has established board level oversight for its ESG strategy, including climate-related risks, and a new senior director has been appointed to oversee its implementation.

Next Steps

Generac is currently considering setting internal reduction targets, and we have encouraged use of the Science Based Targets initiative (SBTi) framework as it considers both interim and longer-term net-zero targets. We continue to engage with Generac to improve its climate risk management processes and disclosures.

 [1]Generac – 2023 ESG Report

Additional resources

For more comprehensive details regarding the methodologies, policies, data and metrics included in this report, please see the following links:

ESG Policy

Engagement Policy

Proxy Voting Policy

Proxy Voting Guidelines

UK Stewardship Code Statement

Approach to Nature, Biodiversity, and Deforestation

Modern Slavery Statement

E,D&I Report 2023

Principles for Responsible Investment (PRI) Assessment Report – 2023

Principles for Responsible Investment (PRI) Public Transparency Report – 2023

Statement on principal adverse impacts of investment decisions on sustainability factors

Memberships

Impax works collaboratively with industry organisations 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

- CDP
- Ceres Investor Network
- Climate Financial Risk Forum (CFRF)
- Confederation of British Industry (CBI)
- Energy Transitions Commission (ETC)
- FAIRR
- 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)
- 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'[1]

92%
AUM committed under NZAM that has 'transition aligned/aligning' climate management and disclosures[1]

Operational

97%
electricity from renewable sources across Impax offices[1]

2030
target is 100%

Stewardship & Advocacy[2]

25%
of engagement dialogues focused on climate-related issues in 2023

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

[1]As at 31 December 2023. See page 3 for our definition of 'transition aligned/aligning'. [2]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:

1. to the success of the companies in which we invest
2. to our own organisational excellence
3. and in creating opportunity in the communities in which we operate

Gender overview 2023[1]

	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[1]

	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, analysing our current profile, the markets in which we operate, and comparing ourselves with our peers. This has informed our refined and updated E,D&I goals, which we believe are more transparent and measurable.

For December 2027, we aim that:

- Impax's overall workforce should be 48%-52% women
- Impax's overall workforce should be 28%-32% minority ethnic
- Impax's senior staff[2] should be 38%-42% women
- Impax's senior staff should be 14%-18% minority ethnic

[1]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. [2]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).[1]

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.

[1]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).

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 behaviors 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

Weighted Average Carbon Intensity (Tons CO2/$M Sales) is calculated using MSCI ESG Research company level research and measures exposure to carbon intensive companies. This figure represents the estimated greenhouse gas emissions per $1 million in sales across the proposed strategy's holdings. This allows for comparisons between portfolios 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 proposed strategy and Index weighted average carbon intensity numbers are calculated by and sourced from FactSet, using MSCI ESG Research company-level data.

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

Specialists strategy

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 strategies were invested as at 31 December 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 at 31 December 2023 was applied to measure the environmental benefit attributable to the strategies. These included:

Greenhouse gas (GHG) emissions, Scope 1, 2 and 3 (tonnes of CO_2e)

Greenhouse gas (GHG) avoidance (tonnes of CO_2e)

Renewable electricity generated (MWh)

Water treated, saved or provided (megalitres/gallons)

Materials recovered/waste treated (tonnes/tons)

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 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 below table summarizes the data that was available and estimated for companies in the strategy. The total number of companies in the strategy as of December 31, 2023 was 63.

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.

	Number of companies				
Metric estimated/ disclosed	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
Avoided GHG emissions	53	29	13	11	10
GHG emissions	63	60	3	0	0
Materials recovered treated	9	8	1	0	54
Renewable electricity generated	14	14	0	0	49
Water provided saved treated	18	10	4	4	45

Key risk considerations

General Portfolio Risks

- Capital risk - the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.
- ESG and sustainability risk –Sustainability risks may result in a material negative on the value of an investment and performance of the portfolio. Sustainability risks are environmental, social and governance events or conditions whose occurrence could have an actual or potential material negative impact on the value of the portfolio and all known types of risk of the portfolio.
- Governmental liberalisation of basic services and increased environmental legislation may not occur at the anticipated rate. The costs of technology in environmental markets may not continue to fall or may not maintain price competitiveness.
- Equities - may decline in value due to both real and perceived general market, economic and industry conditions. Investing in foreign-denomination and/or – domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets.
- The portfolio will include a number of relatively newly established companies and companies whose future is dependent on widespread adoption of their products and services.
- Many of the portfolio's investments will be denominated in currencies other than the currency of the Share class purchased by the investor and, therefore, the Net Asset Value of the portfolio may be affected by currency movements.
- The valuations of companies in environmental markets may remain at current level or may fall.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries, putting your money at greater risk.
- Diversification does not ensure against loss.

Important information

Investments involve risk, including potential loss of capital. The investment techniques and decisions of the investment adviser and portfolio manager(s), including the investment adviser's assessment of a company's ESG (Environmental, Social and Governance) profile when selecting investments for the strategy, may not produce the desired results and may adversely impact the strategy's performance, including relative to other strategies that do not consider ESG factors or come to different conclusions regarding such factors. Please refer to Form ADV Part 2A Brochure on impaxam.com or adviserinfo.sec.gov for more information about Impax and the investment risks of this strategy.

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