IMPAX Asset Management

Specialists strategy

Beyond Financial Returns Report 2023

Data in this report relates to the period 1 January 2022 – 31 December 2022

FOR INSTITUTIONAL AND PROFESSIONAL INVESTOR USE.

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Introduction

At Impax, every strategy is designed to intentionally allocate clients' capital towards those companies which are expected to benefit as the global economy transitions to a more sustainable model. This Beyond Financial Returns Report provides post-investment evidence of this intentionality.

Reporting this year includes data and information related to stewardship outcomes, our policy advocacy focus, as well as impact metrics such as the carbon profile and UN Sustainable Development Goals (SDG)[1] mapping of each strategy. Impax has been measuring environmental impact for its thematic strategies since 2015,and continues to evolve and refine impact reporting in an effort to align with emerging best practice and standardization where possible.

Impax's engagement and voting activity is included to provide a more comprehensive view on sustainability and stewardship outcomes for the portfolio. The objective of engagement with investee companies is monitoring, risk management and encouraging improved processes and disclosures, through company-specific, thematic and proxy-voting-related engagements, all important elements of the investment process. For 2022 reporting we have provided a breakdown of Impax's priority engagement themes including climate, people and governance. In addition, Impax has formally distinguished between "outreach activities" and "engagement dialogues" in our tracking of engagements during the year. Impax has not included outreach numbers in this report, but we plan to include these statistics for 2023 reporting. We hope this will provide our investors with further insight on emerging themes.

Impax's policy advocacy work is focused on shaping the markets and supporting the development and creation of public policy which will accelerate the transition to a more sustainable economy. We plan to combine company engagement and policy advocacy wherever possible to accelerate positive outcomes in the real economy, so-called systematic engagement, as described in our recent Stewardship & Advocacy Report.

Impax's actively managed listed investment strategies employ universe or taxonomy formation to focus portfolios on companies that are set to benefit from the transition to a more sustainable economy. The impact metrics reported for Impax's strategies relate to the benefits that the products and services of investee companies are enabling. Investing in listed companies that deliver positive impact does not increase that impact but demonstrates the investment is strongly aligned to companies benefiting from, and enabling, the transition to a more sustainable economy.

Over the past year, Impax has reviewed its approach to reporting carbon emissions to improve transparency and reflect the latest industry guidance. We will continue to provide detailed information by strategy on the greenhouse gas (GHG) emissions of the companies in which we invest, broken down by Scope 1 & 2, and Scope 3 emissions, as well as the avoided GHG emissions arising from the portfolio companies' products and services. Historically, we have also reported a net GHG emissions and avoidance metric for each strategy but have decided to discontinue reporting this figure and favor gross GHG metrics. This approach aligns with WBCSD Guidance[2] on Avoided Emissions, published in March 2023, which states that Scope 1, 2 and 3 GHG emissions should be separated from avoided emissions in external reporting. Impax is part of several industry initiatives seeking to establish standardization to the measurement and reporting of avoided emissions, a critical metric for environmental and climate solutions.

[1] The UN SDGs encompass 17 goals. For further information, please visit http://www.un.org/sustainabledevelopment/sustainable-development-goals.
[2] World Business Council for Sustainable Development

Stewardship summary - 2022

Engagement activity

Stewardship is an important part of Impax's investment process. Engagement is used to mitigate risk, and to enhance value and investment opportunities. We remain dedicated to helping companies navigate the transition to a more sustainable economy - engagement can strengthen investee companies over time, making them more resilient. This process takes time and often transpires over longer horizons, with topics for engagement maturing and evolving.

How we report on engagements

For 2022, we have moved away from reporting the total number of engagements and are reporting the number of investee companies we engaged with in the strategy, along with a percentage split and count of the themes we engaged with them on. It is important to highlight that multiple themes may be discussed during one engagement, and we believe that reporting engagements in this way provides more transparency and value to clients.

We have also formally distinguished between "outreach activities", where we make a request of a company without response, and "engagement dialogues", where we have two-way communication with decision-makers. Therefore, our engagement statistics only include engagement dialogues. Impax has not included outreach numbers this year but plans to include these statistics for 2023 engagement reporting so they can accompany the engagement dialogue statistics.

We recognize that the engagement process is a journey. As such, to supplement the statistics, we have included engagement case studies which provide valuable insight into the evolving nature of the engagement process and how we track progress over time against clearly defined objectives.

Engagement themes for 2022

Every year we assess and outline the thematic engagement priorities for the next 12 months. These priorities are based on market developments and emerging environmental, social and governance (ESG) and sustainability issues that are relevant and material for our companies. Within these major themes, there are more detailed and specific topics, such as physical climate risks and employee health & wellness. The below table provides a breakdown of engagement dialogues for the strategy across these themes.

	Engagement theme			
30 Individual companies engaged	Climate	People	Governance	Other ESG issues
	42%	24%	31%	4%

Source: Impax. Data as of 12/31/2022. Data based on representative portfolio. Mapping to the representative portfolio 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 portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Data in the table may not sum precisely to 100% due to rounding.

Stewardship summary - 2022

Engagement dialogue by investee company

The below table provides a breakdown of themes discussed with investee companies held in the representative portfolio.

It is important to note that multiple themes may be covered during one engagement with an investee company.

Investee company holding	Climate	People	Governance	Other ESG issues
Advanced Drainage Systems Inc	1	1	-	-
Airtac International Group	1	1	1	-
Altair Engineering Inc	2	-	1	-
Amiad Water Systems Ltd	1	-	-	-
Brambles Ltd	-	-	1	-
Sabesp	1	1	-	-
Clean Harbors Inc	-	-	1	1
Coway Co Ltd	1	1	1	-
Croda International PLC	3	1	-	-
CryoPort Inc	1	-	-	-
Descartes Systems Group Inc/The	-	-	1	-
Dialight PLC	-	-	1	-
DiscoverIE Group PLC	1	1	1	-
Generac Holdings Inc	1	-	-	1
Giant Manufacturing Co Ltd	1	-	-	-
Herc Holdings Inc	-	1	1	-
Indraprastha Gas Ltd	1	-	-	-
Koninklijke DSM NV	1	-	-	-
Littelfuse Inc	-	1	-	-
Monolithic Power Systems Inc	-	-	1	-
Ormat Technologies Inc	-	-	1	-
PTC Inc	1	-	-	-
Rayonier Inc	2	1	1	-
Repligen Corp	1	1	-	-
Signify NV	-	-	1	-
SolarEdge Technologies Inc	1	1	-	-
Spirax-Sarco Engineering PLC	-	-	1	-
Watts Water Technologies Inc	-	-	1	-
Xinyi Solar Holdings Ltd	1	1	1	-
Zurn Elkay Water Solutions Cor	1	1	1	-

Source: Impax Asset Management. Data as of 12/31/2022. The specific securities identified and described are for informational purposes only and do not represent recommendations. The representative portfolio is an account in the strategy we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. ^Please refer to the end of the document for the weights of holdings as of 06/30/2023. Holdings subject to change.

Engagement example

Climate

Cryoport, Resource Circularity & Efficiency, US

Cryoport supports emerging advanced and regenerative therapy markets by manufacturing temperature controlled dewars (specialized vacuum flasks) for the safe transportation of biologic materials and therapeutics. Regenerative medicine is set to be one of the most rapidly expanding and enduring areas of medicine over this decade but presents new logistical challenges to the industry. Cryoport is a solution provider in this space and is expected to grow as regenerative medicine matures.

Topic: Transition Risk – Greenhouse gas (GHG) emissions management

Start of engagement: 2021

Engagement objectives

1. Start collecting greenhouse gas emissions data (**achieved, compiled GHG baseline data in 2021**)
2. Disclose to Carbon Disclosure Project (**achieved, first response submitted 2022**)
3. Publicly report GHG data in annual reporting (**achieved in 2022, first sustainability framework established, and initial reporting aligned to Task Force on Climate-related Financial Disclosures (TCFD)**)
4. Set reduction targets and report on progress (**in progress**)

Impax has been engaging with Cryoport since 2021, through its significant growth during the COVID-19 pandemic (from micro to nearly mid-cap) and whilst embarking on its first formal ESG programme.

Progress and outcomes

We outlined four objectives around collection, disclosure and reporting of GHG data. The company compiled its first GHG baseline data in 2021, disclosed this data to the Climate Disclosure Project (CDP) in 2022 and publicly reported this alignment with the TCFD. Cryoport has developed a sustainability framework, but we are still working with them to establish emissions reduction targets and expect they will publish these later this year.

Since our initial engagement with Cryoport on climate risk in 2021, we have seen significant improvements in the company's climate risk management framework, GHG disclosures and reporting in 2022.

References to specific securities are included as an illustration of the investment managements strategy and should not be considered as a recommendation to buy or sell. This example was selected based on its positive outcome. Other engagement efforts may not result in similar outcomes. Source: Issuing company and Impax Asset Management. Data as of 06/30/2023, Cryoport was 0.74% of the portfolio. Holdings subject to change.

Engagement example

Governance

Xinyi Solar Holdings, Solar Energy Generation Equipment, Hong Kong

Xinyi Solar Holdings is the largest solar glass producer globally, specializing in research and development, manufacturing, sales, and after-sales service of solar photovoltaic glass.

Topic: Board Independence and Diversity

Start of engagement: 2019

Engagement objectives

1. Raise awareness of the benefits of improved board diversity to long-term value creation (**achieved**)
2. Communicate voting guidelines in relation to no female representation on the board (**achieved**)
3. Improve board diversity (**improving, first female director appointed in 2022**)

Impax has been engaging with this company since 2019, with the main objective of improving its governance practices, including board independence and diversity.

While the company acknowledged our initial concerns around the absence of gender diversity on the board, we voted against Nominating Committee members in 2020 and followed up with further engagement. Initially, the company expressed no plans to improve board composition or independence, reiterating its view that female representation within their wider industry was low, and it remained challenging to recruit qualified female employees or directors. Impax again voted against the Nominating Committee members at the 2021 annual meeting to re-emphasise our view that diverse representation is critical for long-term value creation.

Progress and outcomes

The company nominated its first female independent director to the board at its 2022 annual meeting, following several years of engagement and votes against directors. Board independence remains low, however, and we continue to engage with the company on this issue.

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Engagement example

Climate

Repligen Corporation, Resource Circularity & Efficiency, US

Repligen is a bioprocessing company focused on the development, production, and commercialization of innovative products used in the process of manufacturing biologic drugs. The company's products reduce the resource intensity of the drug manufacturing process, yielding water savings of up to 90% and energy savings of up to 30%. Furthermore, drug manufacturers can use Repligen's products to achieve faster time-to-market.

Topic: Transition Risk – Greenhouse gas (GHG) emissions management

Start of engagement: 2021

Engagement objectives

1. Initial education: topics of materiality, reporting frameworks, investor-useful data (**achieved, 2020**)
2. First Sustainability Report published (**achieved, 2021**)
3. Reporting sustainability data (operational efficiency & material data) (**partially achieved, company committed**)
4. Target-setting (**partially achieved, company committed in 2022**)

Impax has been engaging with this medium-sized company since 2020, addressing sustainability risk management across a broad range of material aspects (e.g. GHG emissions, HCM/E,D&I, water stress) as well as corporate governance matters.

Progress and outcomes

We have seen notable progress with regards to sustainability processes, disclosure and oversight since 2020 and following ongoing engagement with the company.

In late 2021, the company published its first Sustainability Report. The report is aligned with both the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) and includes a materiality analysis; also looking at aligning disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) including science-backed targets. The company also started reporting water, energy and CO_2 data (Scopes 1 and 2 in 2021) and following an engagement in 2022, is also investigating Scope 3 data to report most material categories in future. The company has put in place an initial target for GHG emissions reductions, which will be enhanced in the next iterations of the report. The company provides anecdotal evidence of efforts around reducing the carbon footprint of products as well as efficiencies realized by customers from using Repligen products. Engagement with the company is ongoing.

References to specific securities are included as an illustration of the investment managements strategy and should not be considered as a recommendation to buy or sell. This example was selected based on its positive outcome. Other engagement efforts may not result in similar outcomes. Source: Issuing company and Impax Asset Management. Data as of 06/30/2023, Repligen was 1.75% of the portfolio. Holdings subject to change.

Proxy voting summary - 2022

Proxy voting is an important catalyst for dialogue on corporate governance best practice, both before and after companies' annual general meetings. It is an important lever which we leverage to express our views on board structure and independence, executive compensation, shareholder rights, diversity, sustainability management and reporting, and climate. As shareholder proposals grow more sophisticated and plentiful every year, general investor interest in proxy voting has increased significantly, a trend we believe will continue.

Impax's approach to shareholder proposals continues to be recognized. We ranked first in ShareAction's "Voting Matters Report" for consistently voting in favor of key environmental and social shareholder proposals in 2020, 2021 and 2022[1].

Our voting decisions follow the Impax Proxy Voting Guidelines, bringing consistency and transparency to our approach. Further details can be found here.

See below for key voting statistics for a representative account of the strategy as at 31 December 2022.

69
meetings where Impax voted

745
management resolutions on which Impax voted

5
shareholder resolutions on which Impax voted

100%
meetings in which Impax voted (as a percentage)

11%
management resolutions in which Impax voted "against and/or abstained and/or withheld"

100%
shareholder resolutions in which Impax voted "For". i.e. Against Management

[1]ShareAction, Ranking asset managers' voting performance. Voting Matters, Feb. 2023 for the 2022 period. With an overall score of 100%, Impax ranked 1st out of 68 asset managers. Voting Matters, Dec. 2021 for the 2021 period. With an overall score of 99%, Impax ranked 1st out of 66 asset managers. Voting Matters, Dec. 2020 for the 2020 period (9/19-8/20). With an overall score of 100%, Impax ranked 1st out of 60 asset managers. Full details and voting criteria can be found at: https://shareaction.org/reports/voting-matters-2022

Source: Impax Asset Management. Data as of 12/31/2022. Data based on representative portfolio. Mapping to the representative portfolio 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 portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Data in the table may not sum precisely to 100% due to rounding.

Policy advocacy priorities for 2023 and beyond

Impax's Global Policy Group brings together expertise from across the company to support policy makers in Europe, North America, and Asia in accelerating the transition to a more sustainable economy. This work reflects Impax's commitment to policy advocacy and utilizes a rolling three-year plan to focus on a number of important longer-term priorities.

Advancing the pursuit of net-zero emissions will continue to be a focus. Impax believes its influence can be amplified by acting in concert with like-minded members of the financial community and therefore looks to play a leading role within groups including the Institutional Investors Group on Climate Change (IIGCC) and Glasgow Financial Alliance for Net Zero (GFANZ). Impax is a firm advocate that investors and lenders must not only focus on decarbonizing their portfolios, but also finance solutions that reduce GHG emissions if the world is to achieve net-zero goals. Financing the energy transition and clean electrification, as well as getting hard-to-abate sectors — such as aviation, shipping, steel and cement — on the path to net zero are key areas of opportunity.

Greening the financial system remains key to the transition to a more sustainable economy. Impax therefore is prioritizing work on sustainability-related disclosures, engaging with regulators including the U.S. Securities and Exchange Commission (SEC) and the UK's Financial Conduct Authority (FCA) to advocate for more rigorous reporting requirements. In addition, Impax will engage with new initiatives seeking to develop guidance on corporate transition plans to drive the net-zero transition in the real economy, in particular through GFANZ, the Climate Financial Risk Forum and the UK's new Transition Plan Taskforce.

Biodiversity loss and growing awareness of **economic dependence on natural capital** has put this topic in the spotlight. The financial sector can play a critical role in addressing environmental degradation by both influencing companies to stop depleting natural resources and by deploying capital into nature-based solutions. Impax believes it can contribute through participation in initiatives like the Finance Sector Deforestation Action, Natural Capital Investment Alliance, and the Taskforce on Nature-Related Financial Disclosures, as well as through collaboration with policymakers. Impax is also partnering with Imperial College to advance understanding of nature-positive investment opportunities.

Physical impacts of climate change have been inescapable around the world, highlighting an urgent need to increase action to manage and adapt to this risk. Impax will continue to engage with policymakers and investors on **climate resilience and adaptation**. Collaborative efforts have included IIGCC's Adaptation & Resilience Working Group and development of investment frameworks, as well as the Coalition for Climate Resilient Investment's advances on physical climate risk models. Impax is also working jointly with Oxford University on developing a consistent methodology for translating climate change into quantitative inputs.

Lastly, on the topic of **Human Capital Development and E, D&I,** Impax explores opportunities to use investor influence to push for positive social change, including ensuring that social issues are taken into consideration in the design of net-zero policies adopted by governments and corporates. Impax's advocacy here will continue to include collaborative work, such as in the Financing a Just Transition Alliance, as well as activities to promote diversity for example in Asia, through work with the Asian Corporate Governance Association. Impax has been engaging with US companies on their provision of employee wellness programs, including reproductive health care, since the Supreme Court's Dobbs decision. Impax is also anticipating the SEC's proposed rule on human capital disclosure and has developed several points to contribute for comment on that regulation.

As reported in our recent "Stewardship and Advocacy Report", we plan to increasingly combine company engagement and policy advocacy to accelerate positive outcomes in the real economy, through so-called systematic engagement, with a case study included in this report.

Case study: Combining company engagement and policy advocacy – Systematic Engagement

Physical Climate Risk – mandated disclosure of material physical asset risk

Physical climate risks are systematic risks that many companies are exposed to, but that most companies are not adequately prepared for today. Impax has combined physical climate risk engagements with companies and advocacy with regulators, systematic engagements, in order to accelerate progress on companies' physical climate risk management and for more detailed disclosures on companies' geo-location data of their strategic plants and facilities, enabling investors to analyse companies' risk exposures.

Objective:
Prompt companies to report the locations of their physical assets whose loss or damage would be a material event.

Key steps:

June 2020: Impax submitted to the SEC a petition that companies be required to report on the geolocations of their key assets. This petition was later turned into a publication in the Harvard Law School Forum on Corporate Governance.

August 2020: The New York State Common Retirement Fund joined Impax's efforts. This enabled asking all companies in the S&P 500 to report on the location of assets whose loss or damage would be a material event.

September 2020: Impax published a paper on Physical Climate Risks - what are they, how can they be recognized, and to whom do they apply?

September 2021: Impax published Seeking Coordinates, a synthesis of what was learned from this engagement with the constituents of the S&P 500. Result: only *three* companies had given serious consideration to their exposure to physical risks, further proving the importance of this disclosure objective.

Summer 2022: Additional investors, including California State Teachers Retirement System (CalSTRS) and PIMCO, joined these advocacy efforts.

Fall 2022: Impax further developed the request - asking companies not only to report on their assets, but to report also on their assessment of physical risks from climate change, and to detail their efforts to manage and adapt to those risks.

Outcome:

Summer 2022: After meetings with the Chair and staff of the SEC to advocate for Impax's objective, the SEC proposed its new Climate Rule, which included attention to physical risk. This rule is likely to be released in the fall of 2023.

Winter 2022 - Spring 2023: Impax engaged with semiconductor manufacturers regarding their exposure to and management of climate-related physical risks, focusing on flooding and drought.

Carbon profile

Based on US$10m invested, in 2022 the companies in the strategy contributed to:

	Total
Scope 1 & 2 GHG emissions (tCO_2e)	660
Scope 3 GHG emissions (tCO_2e)	3,050
Avoided GHG emissions (tCO_2e)	4,810

Avoided GHG emissions (tCO_2e) were equivalent to:		
	Number of cars off the road	1,050

In 2022, the companies in the strategy contributed to:

	Total
Scope 1 & 2 GHG emissions (tCO_2e)	281,560
Scope 3 GHG emissions (tCO_2e)	1,299,290
Avoided GHG emissions (tCO_2e)	2,052,290

Avoided GHG emissions (tCO_2e) were equivalent to:		
	Number of cars off the road	446,150

There can be no assurance that net impact results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2022. 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.

Carbon analysis

Typically, we gather Scope 1, 2, and 3 GHG emission data directly from company disclosures and/or via the Climate Disclosure Project (CDP). Where sufficient information is not available, we may contact companies to request additional information, which in some cases produces enhanced data. Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions.

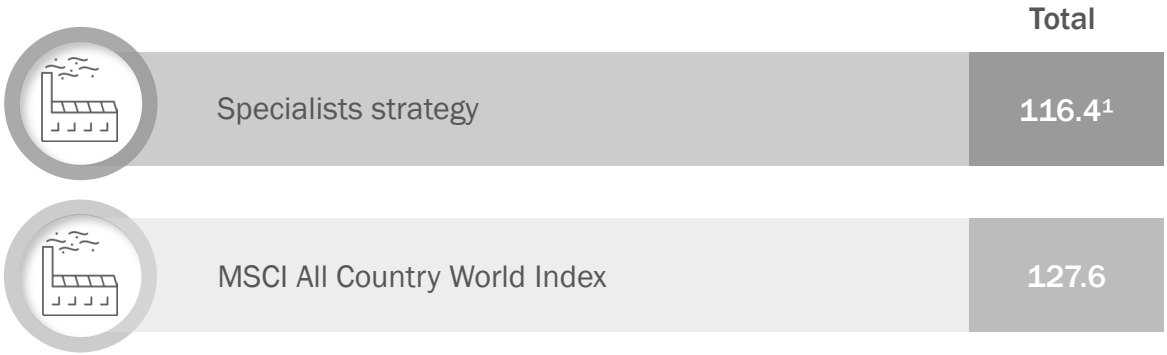
Avoided GHG emissions arise from the portfolio companies' products and services. This data is sourced from the company directly or is calculated at the relevant individual company product level using a number of inputs to produce a conservative avoidance of GHG emissions figure. Such inputs may include volumes of products sold, product-level efficiency indicators versus regional baselines and regional grid efficiency factors.

Investee companies contributing to this transition included renewable energy companies such as Xinyi Solar (Renewable Energy Developers & IPPs, China), SolarEdge Technologies (Solar Inverters, US), EDP Renovaveis (Renewable Energy Developers & IPPs, Spain), and Vestas Wind Systems (Wind Power Generation Equipment, Denmark).

Additional examples of contributors to avoidance of GHG emissions were Signify (Efficient Lighting, Netherlands), a manufacturer of energy efficient lighting products; Lenzing (Resource Circularity & Efficiency, Austria), an alternative textile materials producer; and Spirax-Sarco Engineering (Industrial Energy Efficiency, UK), a specialist in industrial steam energy efficiency.

Weighted Average Carbon Intensity (WACI)

Investors are keen to understand the Weighted Average Carbon Intensity (WACI) of portfolios, and increasingly also seek an ability to reference results against those for the broader market. For Impax-managed portfolios, we use the above-described process to gather stock-level GHG emission data (Scope 1 & 2) and calculate companies' GHG emissions per US$1 million of sales (WACI). To calculate WACI for broader equity benchmarks, we use Impax stock-level data where available and third-party data for the remaining constituents of the benchmark. Measurement of GHG emissions is still an evolving discipline, and data can vary significantly between third-party providers – this is due to differences in data gathering methodologies including aspects such as varying percentages of stock coverage and differing estimation methodologies and models.



[1]Total scope 1 & 2 using Impax impact data, tCO_2e per US$1 million sales

There can be no assurance that net impact results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Third party data is from Bloomberg. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2022. The specific securities identified and described are for informational purposes only and do not represent recommendations. 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. Indexes are unmanaged, and it is not possible to invest directly in an index. ^Please refer to the end of the document for the weights of holdings as of 06/30/2023. Holdings subject to change.

Carbon profile – company example

SolarEdge Technologies, Solar Energy Generation Equipment, US

SolarEdge is a leading clean energy solutions company that aims to help drive the global energy transition. Established in 2006, the company focuses on improving solar energy production, consumption, and management across various applications and industries. The company's vision is to create a world powered by clean and sustainable energy, and SolarEdge strives to develop innovative technologies that optimize power generation, storage, and usage.

With a wide range of smart energy solutions, including power optimizers, photovoltaic monitoring solutions, all-in-one inverters, and power harvesting accessories to the residential and commercial market, SolarEdge is working on advancing the adoption of clean energy technologies. Operating in over 140 countries, SolarEdge has equipped about 3 million homes with a SolarEdge photovoltaic (PV) system and manages PV systems for 50% of Fortune 100 companies. The company has managed to produce over 30,000 GWh in 2022. With significant impact on greenhouse gas emission avoidance, the company is dedicated to making a positive contribution to combating climate change.

One interesting innovative solution by SolarEdge is the "Floatovoltaic" solution at the Wu-Shan-Tou Reservoir in Taiwan. Limited by available land in the densely populated region, working with the government SolarEdge created a 17 million kWh floating energy system on the local water reservoir. The solution also offers other benefits to the ecosystem by reducing direct sunlight as well as helping limit evaporation and the likelihood of algae blooms. In return, the water helps increase production efficiency by creating a cooler atmosphere. Along with other such case studies across the globe, SolarEdge is helping "power the future of energy".

Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2022. The specific securities identified and described are for informational purposes only and do not represent recommendations. This example was selected based on its carbon avoidance. Other examples may not result in similar outcomes. 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. Source: Issuing company and Impax Asset Management. Data as of 06/30/2023, SolarEdge Technologies was 1.82% of the portfolio. Holdings subject to change.

Environmental benefits

Based on US$10m invested, in 2022 the companies in the strategy contributed to:

	Total	Equivalent to
Water provided/saved/treated	**50**m gallons	**460** Households' water consumption[1]
Renewable energy generated	**1,280** MWh	**120** Households' electricity consumption[2]
Material recovered/waste treated	**265** tons	**120** Households' waste output[3]

In 2022, the companies in the strategy contributed to:

Water provided/saved/treated	**21,543**m gallons	**604,500** Households' water consumption[1]
Renewable energy generated	**547,140** MWh	**51,460** Households' electricity consumption[2]
Material recovered/waste treated	**111,873** tons	**49,940** Households' waste output[3]

There can be no assurance that net impact results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2022. 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]Average annual US household water usage of 414,500 litres. Source: Impax calculations, based on water usage data from the US Environmental Protection Agency (2022), the US Geological Survey (2022) and The World Counts (2022). [2]Average annual US household electricity usage of 10.7 MWh. Source: US Energy Information Agency, 2022. [3]Average annual US household waste of 2,116kg. Source: Impax calculations based on data from the US Environmental Protection Agency (2019) and average household size data from the US Census Bureau (2021). Please refer to Impact methodology page for more details on our impact reporting.

Environmental analysis

The portfolio invests globally in companies that are developing innovative solutions to resource challenges in environmental markets.

Investee companies must generate at least 50% of their revenues from sales of environmental products or services in Energy (alternative and efficient), Clean and efficient transport, Sustainable food, Water, Circular economy, and Smart environment solutions.

The portfolio's weighted average revenue exposure to these markets at year end was approximately 80%.

A diverse set of portfolio holdings operating in the renewable energy landscape contributed towards the generation of renewable electricity. Investee companies active in clean energy included Ormat Technologies (Renewable Energy Developers & IPPs, US), SolarEdge Technologies (Solar Energy Generation Equipment, US), EDP Renovaveis (Solar Energy Generation Equipment, Portugal), Northland Power (Renewable Energy Developers & IPPs, Canada), and Terna Energy (Renewable Energy Developers & IPPs, Greece).

Sabesp (Water Utilities, Brazil), American Water Works (Water Utilities, US) and Lenzing (Resource Circularity & Efficiency, Austria) aided in delivering positive metrics of water treated, saved, or provided.

Lastly, packaging and container companies such as Smurfit Kappa (Food Safety & Packaging, Ireland), Graphic Packaging (Food Safety & Packaging, US), and Brambles (Resource Circularity & Efficiency, Australia) were notable contributors in facilitating the recovery of paperboard or fibre and eliminating waste.

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Environmental impact – company example

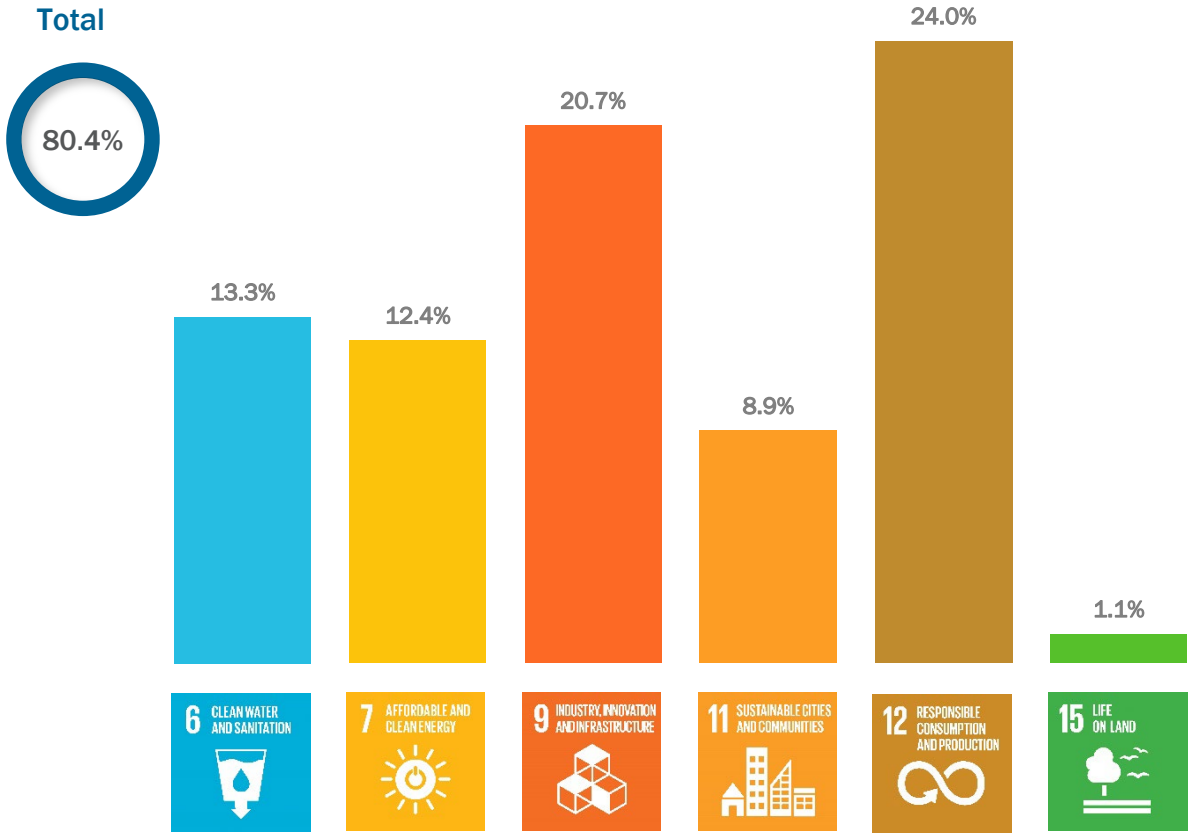
Sabesp (Cia de Saneamento Basico do Estado de São Paulo), Water Utilities, Brazil

Cia de Saneamento Basico do Estado de São Paulo (Sabesp) collects, treats, and distributes water across 375 municipalities in São Paulo, Brazil. The company, founded in 1973, also engineers and constructs water distribution infrastructure and treatment systems. Sabesp is considered one of the largest sanitation companies in the world in terms of population served - it is responsible for the water supply, collection and wastewater treatment of about 62% of São Paulo's population. The company supplies over 28 million people with water and 25 million people with wastewater collection, and is responsible for about 30% of basic sanitation investments in Brazil.

As climate change continues to generate concerns about water security and poses increasingly complex adaptive challenges, particularly in water stressed areas, this water utility's essential service of public water supply and water sanitation has an important impact on health, with measurable impact in the metric of water provided, saved or treated. Through its programs to expand access to basic sanitation services, Sabesp works toward contributing directly to a higher quality of access to basic services.

Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 12/31/2022. The specific securities identified and described are for informational purposes only and do not represent recommendations. This example was selected based on its water impact. Other examples may not result in similar outcomes. 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. Data as of 06/30/2023, Sabesp was not held in the portfolio. Holdings subject to change.

UN Sustainable Development Goals alignment



No.	UN Sustainable Development Goals	Revenue Exposure
6	Clean Water and Sanitation	13.3%
7	Affordable and Clean Energy	12.4%
9	Industry, Innovation and Infrastructure	20.7%
11	Sustainable Cities and Communities	8.9%
12	Responsible Consumption and Production	24.0%
15	Life on Land	1.1%
Total		**80.4%**

Impax has mapped the portfolio to show how companies' eligible activities align with the goals based on environmental market revenue exposure.

- **Goal 6**, Clean Water and Sanitation, which relates to holdings in Water Treatment, Water Utilities, and Water Distribution & Infrastructure.
- **Goal 9**, Industry Innovation and Infrastructure, which relates to holdings in Efficient IT, Industrial Energy Efficiency, Efficient Lighting, and Buildings Energy Efficiency.
- **Goal 12**, Responsible Consumption and Production, which relates to holdings in Resource Circularity & Efficiency, Food Safety & Packaging, Recycling & Waste Technologies, Recycled Products and Biomaterials.

Source: Data as of 12/31/2022. The UN SDGs encompass 17 goals. For further information, please visit http://www.un.org/sustainabledevelopment/sustainable-development-goals. 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. Data based on representative portfolio. Mapping to the representative portfolio 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 portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy.

Impax's current memberships

Impax works collaboratively with peers to support the expansion of sustainable finance. Here is a selection of our current memberships.

A Just Transition: Looking at challenges faced when moving to a more sustainable economy and why investors need to integrate a social dimension into their climate strategies.

Asian Corporate Governance Association (ACGA): Focuses on collaborative engagement with companies and policymakers to improve governance structures and practices in Asia.

Carbon Disclosure Project (CDP): An independent organization holding the largest database of corporate climate change information in the world.

Climate Action 100+: An investor-led initiative aimed at encouraging the world's largest corporate greenhouse gas emitters to improve governance on climate change, emissions and climate-related financial disclosures.

Council of Institutional Investors (CII): Promoting strong governance and shareholder rights standards at public companies.

Defined Contribution Institutional Investment Association: A non-profit association dedicated to enhancing the retirement security of America's workers.

Energy Transitions Commission: A global coalition of leaders from across the energy landscape committed to achieving net-zero emissions by mid-century.

FAIRR: A collaborative investor network that raises awareness of the environmental, social and governance risks and opportunities brought about by industrialized livestock production.

Financing a Just Transition Alliance: Identifies the role finance can play in connecting action on climate change with inclusive development pathways.

Finance Sector Deforestation Action: Collaborative to unite organizations around a shared engagement approach to tackling deforestation and other climate and nature-related initiatives.

Global Impact Investing Network (GIIN): The largest global community of impact investors (asset owners and asset managers) and service providers engaged in impact investing.

Global ESG Benchmark for Real Assets (GRESB): Industry-led organization that provides environmental, social and governance data to financial markets.

Institutional Investors Group on Climate Change (IIGCC): A forum for collaboration on climate change for European investors.

Interfaith Center on Corporate Responsibility: Coalition of institutional investors aiming to integrate social values into corporate and investor actions.

Investor Network on Climate Risk (INCR): Partners with investors worldwide to advance investment opportunities and reduce material risks posed by sustainability challenges such as global climate change and water scarcity.

Long-term Investors in People's Health Initiative (LIPH): Giving investors the tools to improve health outcomes by sharing best practices and creating opportunities to collaborate on corporate engagement.

Natural Capital Investment Alliance: Mobilizing investment in Nature-based economic opportunities.

Net Zero Asset Managers Initiative: An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner.

Plastic Solutions Investor Alliance (As You Sow): International coalition of investors that engages publicly traded consumer goods companies on the threat posted by plastic waste and pollution.

Impax's current memberships continued:

Powering Past Coalition Alliance: Coalition of governments, businesses and organizations working to advance the transition from unabated coal power generation to clean energy.

Principles for Responsible Investment (PRI): Aims to help investors integrate ESG considerations into investment decision making and supports sharing best practice in active ownership.

PRI Sustainable Stock Exchanges Working Group: A peer-to-peer learning platform for investors, regulators, and companies. Looking at enhancing corporate transparency, and ultimately performance, on ESG risks and encouraging sustainable investment.

Race at Work: Part of BITC Business in the Community, The Prince's Responsible Business Network, this initiative seeks to accelerate change through five calls to action for organizations committed to improving equality of opportunity in the workplace.

ShareAction Investor Decarbonization Initiative: Aims to bring together investors to accelerate corporate action on climate change.

Shareholder Rights Group: Association of investors that defends share owners' rights to engage with public companies on governance and long-term value creation.

Sustainable Investment Institute: A non-profit organisation conducting research and publishing reports on organized efforts to influence corporate behaviour on social and environmental issues.

Task Force on Climate-related Financial Disclosures (TCFD): Develops voluntary, consistent climate-related financial risk disclosures for companies providing information to investors, lenders, insurers and other stakeholders.

Taskforce on Nature-related Financial Disclosures: Member of TNFD Forum to help develop and deliver a risk management and disclosure framework reporting and acting on nature-related risks.

The Investing and Saving Alliance (TISA): A not-for-profit membership organisation with a mission to improve the financial wellbeing of UK consumers and help shape the future of the UK financial services industry.

Thirty Percent Coalition: A unique and groundbreaking U.S. organization committed to having women, including women of color, hold 30 percent of board seats across public companies.

Tobacco Free Portfolios: A group of financial institutions that have implemented tobacco-free finance policies and encourage others to follow suit.

UK Stewardship Code: Aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

UK Sustainable Investment and Finance Association (UKSIF): Provides services and opportunities to align investment profitability with social and environmental responsibility.

USSIF: A US-based membership association promoting sustainable, responsible and impact investment.

Women's Empowerment Principles: The UN Women's Empowerment Principles are a set of practical guidelines that businesses can use to promote gender equality in the workplace and the community.

Women in Finance: Commitment by the UK's HM Treasury to build a more balanced and fair industry, working to see gender balance at all levels across finance services firms.

Data as of 06/30/2023. For updated listings refer to www.impaxam.com/about-us/memberships.

Methodology

Impact methodology

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 of 12/31/2022. 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 2022 reported information, and for the remainder of companies this was from previously reported information. The percentage owned in each underlying company (calculated based on the proportion of shares owned) as of 12/31/2022 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 to set robust assumptions. In cases where robust data could not be found, zero impact was reported for a company.

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

The following table summarizes the data that was available and estimated for companies in the strategy. The total number of companies in the strategy as 12/31/2022 was 62.

Metric estimated/disclosed	Companies for which the metric is relevant	Companies for which the metric was available	Companies for which the metric was estimated	Metric was not available and could not be estimated
CO_2 emitted	58	53	5	0
CO_2 avoided	57	29	15	14
Renewable electricity generated	15	14	0	44
Water treated, saved or provided	14	6	6	44
Materials recovered/ waste treated	13	11	0	45

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.

Methodology

SDG mapping

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. For further details, please refer to the latest Impact@Impax report. 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.

The Weighted Average Carbon Intensity (WACI)

The WACI 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 US$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/US$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.

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As of 06/30/2023, Advanced Drainage Systems Inc was 1.89% of the portfolio, Airtac International Group was not held in the portfolio, Altair International Group was 1.72% of the portfolio, Amiad Water Systems Ltd was 0.19% of the portfolio, Brambles Ltd was 2.25% of the portfolio, Sabesp was not held in the portfolio, Clean Harbors Inc was 2.41% of the portfolio, Coway Co Ltd was 0.83% of the portfolio, Croda International PLC was 2.25% of the portfolio, Cryoport was 0.74% of the portfolio, Descartes Systems Group was 1.64% of the portfolio holdings, Dialight PLC was 0.17% of the portfolio holdings, DiscoverIE Group PLC was 1.32% of the portfolio, Generac Holdings Inc was 1.91% of the portfolio, Giant Manufacturing Co Ltd was 1.49% of the portfolio, Herc Holdings Inc was 1.63% of the portfolio...

Methodology Continued

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Indraprastha Gas Ltd was 1.59% of the portfolio, Koninklijke DSM NV was not held in the portfolio, Littelfuse Inc was 2.39% of the portfolio, Monolithic Power Systems Inc was 1.78% of the portfolio, Ormat Technologies was 1.61% of the portfolio, PTC Inc was 2.55% of the portfolio, Rayonier Inc was 2.09% of the portfolio, Repligen Corp was 1.75% of the portfolio, Signify NV was 1.44% of the portfolio, SolarEdge was 1.82% of the portfolio, Spirax-Sarco was 2.36% of the portfolio, Watts Water Technologies was 1.63% of the portfolio, Xinyi Solar Holdings was 1.49% of the portfolio, and Zurn Elkay Water Solutions was 1.60% of the portfolio. Holdings subject to change.

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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EXP: 10/24