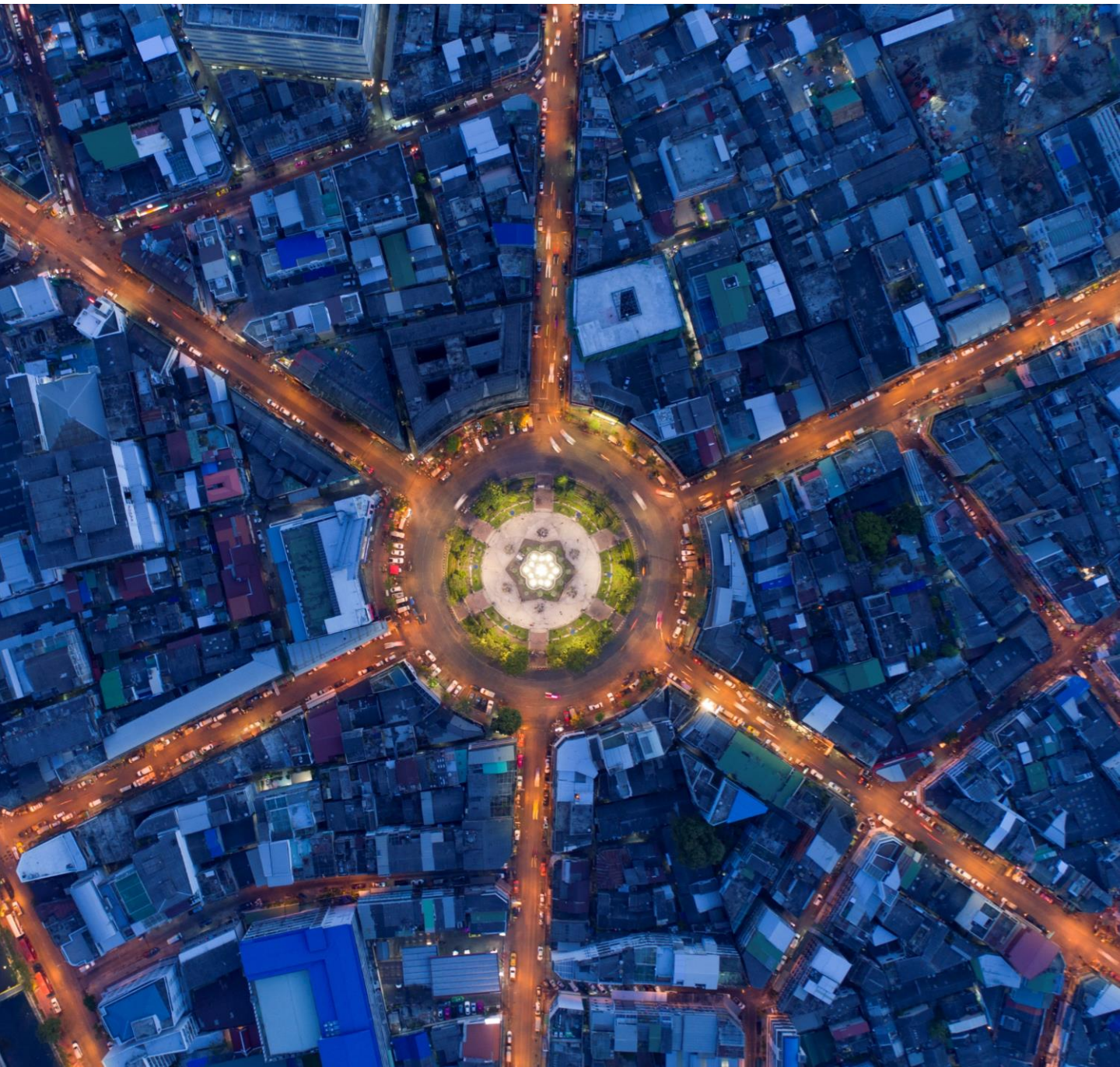


US Large Cap Strategy Beyond Financial Returns Report

FOR INSTITUTIONAL AND PROFESSIONAL INVESTORS ONLY – THIS DOCUMENT IS A MARKETING COMMUNICATION. DATA IN THIS REPORT RELATES TO THE PERIOD 1 JANUARY 2021 – 31 DECEMBER 2021.



Content summary

Impax is delighted to share the Beyond Financial Returns results for the US Large Cap strategy.

At Impax, every strategy is designed to intentionally allocate clients' capital towards those companies which are expected to flourish as the global economy transitions to a more sustainable model, and to reduce or eliminate exposure to potential losers from that transition.

This report provides post-investment evidence of this intentionality.

- Introduction
- Carbon impact
- UN SDG alignment
- Engagement and Proxy Voting
- Policy & Advocacy
- Methodology

Introduction

The impact metrics reported for Impax listed equity strategies relate to the benefits that the products and services of investee companies are enabling. Investing in listed impactful companies does not increase or add to that impact but is a concrete demonstration that the investment is strongly aligned to companies benefiting from, and enabling, the transition to a more sustainable economy.

As the size of the portfolio can vary between years, the environmental benefit has been standardized to \$10 million invested and is also reported for the total portfolio. Data within this report relates to the calendar year 2021 to reflect the most recent available reporting by portfolio companies.

The measurement of impact is an evolving discipline. Impax continues to develop its approach through proprietary research and in response to engagement with industry stakeholders and clients.

It is worth highlighting that the impact data reported is a function of what is available from portfolio companies. While measurement and disclosure are improving, areas of incompleteness and inconsistency remain, not only for carbon reporting, but also for other metrics.

Impax continues to make the case for increased disclosure on material sustainability metrics during company engagements. These efforts will enable improvement on the breadth and depth of impact reporting over time.

This year Impax's engagement and voting activity has also been included to provide a more comprehensive report on Sustainability and Stewardship outcomes for the portfolio. The objective of engagement with investee companies is to monitor and reduce corporate governance and operational sustainability risks, which Impax believes contributes to shareholders returns.

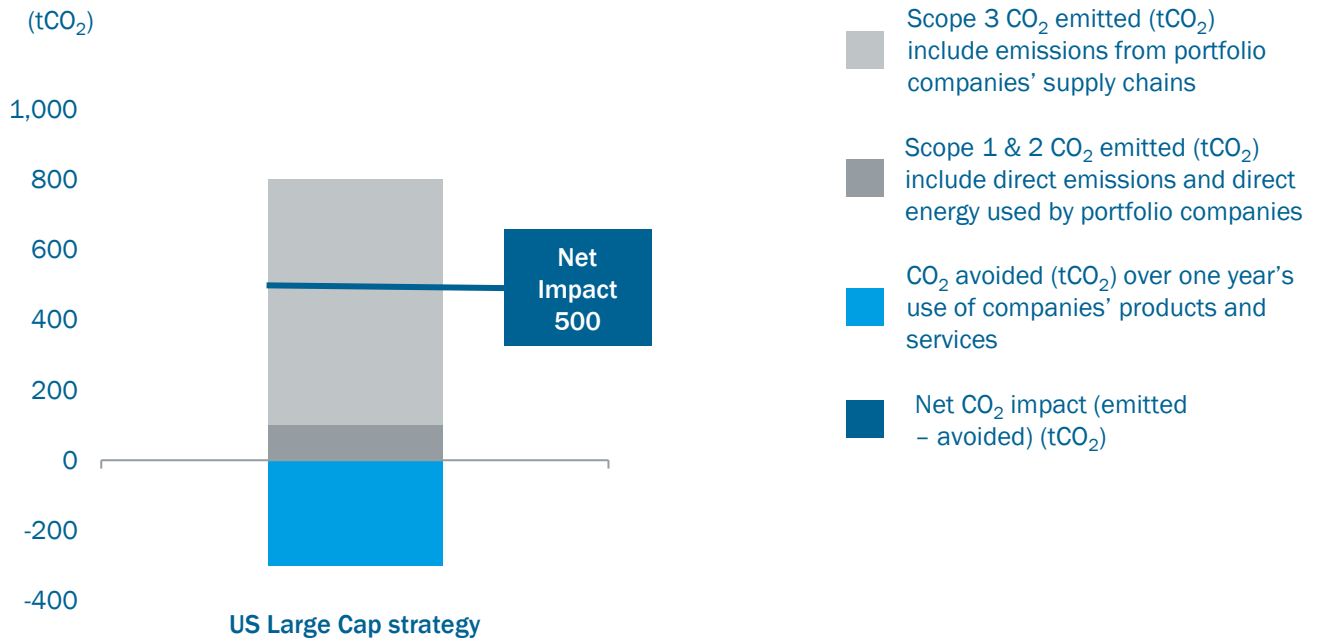
Finally, this report provides an outlook on Impax's Policy Advocacy focus areas for 2022. This key aspect of stakeholder engagement enables Impax's voice to be heard with global public policymakers in support of the development and creation of policy which will accelerate the transition to a sustainable economy.

The methodologies behind these reports are included in the Appendix.

As ever, Impax looks forwards to discussing the sustainability outcomes of the past year's investments and welcomes feedback as reporting in this area continues to develop.

Carbon impact

NET CO₂ IMPACT PER \$10M INVESTED FOR ONE YEAR



Impax Net Carbon and Weighted Average Carbon Intensity (WACI)
Impax US Large Cap strategy – 31 December 2021

	Scope 1+2	Scope 1+2+3	Avoided (Scope 4)	Net (S1+S2+S3)-S4
Impax NET carbon methodology <i>tCO₂eq per \$10 million invested</i>	100	800	300	500
WACI <i>tCO₂eq per \$ million sales</i>	32	270	113	

Past performance is not indicative of future results, which may vary materially. A loss of principal may occur. There can be no assurance that Impax will achieve performance results in the future comparable to the performance presented herein. Source: Impax Asset Management, 31 December 2021. Impax's impact methodology is based on equity value. Refer to the Disclosures and Definitions on pages 12-13 for additional methodology and summarized data that was available and estimated for companies in the strategy.

Carbon analysis

The portfolio invests globally in areas of the market helping to reduce emissions such as Commercial Services and Supplies (waste management), Buildings Products (energy efficient climate control), and Electronic Equipment Instruments & Components (precision agriculture). The net CO₂ emissions avoided by portfolio companies' activities are calculated by looking at the total emissions from the activities of companies during the year minus the emissions avoided by the use of their products and services for one year.

With ongoing improvement in company reporting and progress in data availability, Scope 3 (value chain emissions) is the largest GHG emissions category for the portfolio by far. Many companies are gaining more clarity around their overall carbon footprint and including more parts of their entire value chain. Scope 3 includes categories such as companies' purchased materials and goods and services, business travel, and use of sold products. Such indirect emissions for the Large Cap strategy are multifold those of Scope 1 plus Scope 2 emissions combined. When considered at the portfolio level, the total emissions by portfolio holdings were materially offset by the amount of emissions avoided through their products and services, resulting in net emissions of 500 tCO₂ per \$10M invested.

Leading contributors to emission avoidance in the portfolio include waste service provider Waste Management, through activities in recycling of materials, carbon sequestration, and renewable energy generation; HVAC specialist Trane Technologies, who provides energy-efficient climate control management solutions; and Trimble, an electronic equipment and instrumentation company active in precision agriculture, water efficiency, and other engineered applications.

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Carbon impact - company example

Trane Technologies

United States, Industrials/Building Products

Trane Technologies is a leading producer of energy-efficient HVAC (Heating, Ventilation and Air Conditioning) equipment and climate-controlled transportation solutions. More than one-quarter of global greenhouse gas emissions come from electricity and heat production, while commercial, residential, and public buildings account for more than 30% of the world's energy consumption*. Energy efficiency solutions in the heating and cooling industrial sector are essential to mitigating climate change and achieving decarbonization. Trane's building energy management solutions help to manage energy costs and enable reductions in GHG emissions. ThermoKing is Trane's cooling system division for transporting perishable products – it is estimated that nearly 10 percent of global GHG emissions come from food loss.**

For climate control in buildings and transport, the demand for new and replacement systems is driven by the need for lower emissions and carbon footprints across companies' full value chains. Trane partners with a wide variety of customers - helping school districts and hospitals achieve lower resource use by implementing electrified heat pumps, working with water utilities to improve heat recovery and therefore energy efficiency, or aiding commercial transportation companies in optimizing cooling and energy efficiency for trucking of perishable goods.

Trane is continually expanding its product portfolio, seeking to reduce emissions from use of its products by 97% by 2050. Trane helped to avoid just under 17 million tCO₂ in 2021 through reductions in customers' emissions from use of Trane products and services.

* The International Energy Advisor (www.IES.org)

** [Trane Technologies Announces Net-Zero Ambition In Line With UNFCCC "Race to Zero" - Climate Action](https://www.climateaction.org/news/trane-technologies-announces-net-zero-ambition-in-line-with-unfccc-race-to-zero-climate-action).

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Carbon impact - company example

Waste Management (WM)

US, Industrials/Environmental & Facilities Services

Waste Management is the leading private player in the refuse and recycling market, with a 22% share of this industry in the US. The company's end markets include the residential, manufacturing, and industrial customers. WM's low-carbon products and services reduce, avoid, or offset more than three times the GHG emissions compared to the company's emissions from operations.

- 53% of WM's fleet uses alternative fuel, of which 55% is renewable natural gas generated by WM's landfills. As organic material decomposes in an anaerobic environment, it naturally produces landfill gas. This methane is captured and used as a renewable fuel alternative. At 146 of the company's landfills, WM creates value from waste by turning landfill gas into energy.
- Recycling materials: WM manages more post-consumer recyclables than any other company in North America: paper, mixed organics, wood and construction/demolition materials, combustion residues, glass, plastic and metal, as well as electronic waste and waste oil. The company recycles 13.5% of all materials handled and is making record investments in new recycling infrastructure technology including sensors, optical sorters, robotics, intelligent equipment, volumetric scanners.
- Recycling food and yard waste: Food waste, yard trimmings and other organics make up over a third of the material by weight that WM processes. The U.S. EPA estimates that more food reaches landfills and incinerators than any other single material in everyday trash, making up 24% of the disposed waste stream. Using WM's proprietary process, waste from residential, commercial and industrial sources such as grocery stores, municipalities, schools, event spaces and food manufacturing is transformed into renewable energy. Partnering treatment facilities can increase production of biogas produced by such facilities. This can enable municipal customers to produce heat and power from their own food waste.
- Recycling yard waste: WM has 38 facilities that process organic material into compost and mulch.

Since 2020, WM has reduced GHG emissions from its collection and support fleet by 43% for every 1,000 miles driven. This has been achieved through logistical efficiencies, using natural gas vehicles, and by increasing use of renewable fuel. Also of note is the use of closed WM landfills for solar development, currently underway on eight closed landfills.

In the most recent year, Waste Management reported approximately 20 million tCO₂ emissions from Scope 1,2 and 3 through its operations, while emissions avoided amounted to nearly 53 million tCO₂, resulting in net avoidance of approximately 33 million tCO₂. The company generated 3.6MWh of renewable energy and recycled 13.6 million tonnes of materials.

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UN SDG alignment



NO.	UN SUSTAINABLE DEVELOPMENT GOALS	REVENUE EXPOSURE
2	Zero Hunger	2.9%
3	Good Health and Well-Being	7.5%
6	Clean Water and Sanitation	1.8%
8	Decent Work and Economic Growth	0.6%
9	Industry, Innovation and Infrastructure	16.1%
11	Sustainable Cities and Communities	1.1%
12	Responsible Consumption and Production	1.0%
TOTAL		31.0%

The companies' activities are closely aligned with the UN Sustainable Development Goals (SDGs). There is an intrinsic link between the intentionality of the investment process's focus on Climate Solutions. This link is vital for investors seeking to understand returns on their investment beyond the financial outcome. The strategy has the greatest linkage to:

- **Goal 9**, Industry Innovation & Infrastructure, which relates to holdings in efficient IT, buildings energy efficiency, and smart & efficient grids.
- **Goal 3**, Good Health and Wellbeing, which relates to holdings in the Healthcare services and equipment, biotechnology, and pharma.
- **Goal 2**. Zero Hunger, which relates to holdings in food products, food distributors, and other consumer staples companies.

Source: Data as at 31 December 2021. Figures are based on Impax internal data. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within the Environmental Markets strategies, as well as the Sustainability Lens strategies with emerging market exposure. Refer to the pages 12-13 for additional methodology and summarized data that was available and estimated for companies in the strategy.

Engagement

2021

How Impax identifies engagement opportunities

Bottom-up: As part of ongoing, proprietary company and issuer-level ESG analysis, Impax identifies company- and issuer-specific matters and risks and actively engages with companies and issuers about these matters.

Top-down: Every year Impax assesses and outlines engagement priorities for the next 12 months. These priorities are based on market developments and emerging ESG and sustainability issues that are relevant and material for investee companies and issuers. Impax identifies companies and issuers most exposed to the topics in question and focuses engagement on those companies and issuers.

Engagement activity by engagement type for the Large Cap strategy – 2021

Top down strategic theme	2
Bottom up company specific	11
Proxy Voting related	4
ESG advisory	1
Total number of engagements	18

For more detail, please refer to Impax's [Engagement and Policy Advocacy Report 2022](#)

Proxy voting summary - 2021

Impax votes on issues ranging from board of director elections, executive compensation and capital structure to environmental, social and human capital issues.

43 meetings where Impax voted
(98% where it was possible to vote)

63 shareholder resolutions on which Impax voted

578 management resolutions on which Impax voted

Engagement example

Sustainability Advisory

Trimble, US, Electronic Equipment & Instruments / IT

Trimble provides advanced location-based software solutions. The company contributes to resource efficiency, climate change and digital infrastructure.

Topic: Sustainability processes, governance and disclosures

Objectives

1. Initial education; topics of materiality, reporting frameworks, investor-useful data (achieved)
2. Governance of sustainability: appointed Head of Sustainability (achieved) & sustainability-based performance goals (ongoing)
3. First Sustainability Report published (achieved)
4. Reporting sustainability data (operational efficiency and material data), (partially achieved)
5. Target-setting (partially achieved)

Outcomes

Milestones achieved and ongoing: In 2021 Trimble appointed its first Head of Sustainability who directly reports to the CEO and the Board. The company made a public commitment to an emission reduction target and is working to continuously improve its KPIs and performance monitoring on sustainability-based performance goals. Furthermore, Trimble formed an internal team looking into science-based targets and is exploring TCFD disclosures.

IMPAX THEMATIC EXPOSURE

	Sector	Sub-Sector	Thematic Exposure
Environmental Markets	Digital Infrastructure	Efficient IT	62%
Sustainable Food	Technology & Logistics	Agricultural Machinery & Equipment	21%
Water	Water Treatment & Efficiency	Efficiency	20%
Climate	New Energy	Building Energy Efficiency	62%

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Policy advocacy priorities for 2022 and beyond

Reflecting its commitment to policy advocacy, Impax has established a new Global Policy Group which brings together expertise from across the company to implement a rolling three-year advocacy plan focused on engagement with policymakers in Europe and the US.

Advancing the pursuit of net-zero emissions will continue to be a focus of Impax's policy advocacy work. 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 GFANZ. Impax is a firm advocate that investors and lenders must not only focus on decarbonising their portfolios, but also finance solutions that reduce GHG emissions if the world is to achieve net-zero goals. Financing the energy transition, clean electrification and 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 continues to prioritise work on sustainability-related disclosures, engaging with regulators including the US SEC and the UK's FCA to advocate for more rigorous reporting requirements. Alongside this, 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.

Climate-related disclosures remain a focus, and Impax will remain an active participant in the UK Climate Financial Risk Forum.

Growing awareness of economic dependence on natural capital has put the importance of addressing biodiversity loss in the spotlight. The long-awaited UN COP15 biodiversity summit, to be held later in 2022, should sharpen minds on how to confront this global issue. As with climate change, Impax believes it can play a positive role through participation in initiatives like the Natural Capital Investment Alliance and through collaboration with policymakers. In parallel, Impax will be partnering with researchers to advance understanding of nature-positive investment opportunities.

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 at 31 December 2021. 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 2021 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 2021 was applied to measure the environmental benefit attributable to the strategies. These included:

- Greenhouse gas (GHG) emissions, Scope 1, 2 and 3 (tonnes of CO₂ equivalent)
- Greenhouse gas (GHG) avoidance (tonnes of CO₂ equivalent)
- Net impact from GHG emitted less GHG avoided (tonnes of CO₂ equivalent)
- 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 created a heat map which provided a qualitative indication for the positive impact of each company.

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 utilised a proprietary methodology that estimated emissions based on a precise peer grouping of companies.
- For missing environmental impact data, industry or academic data was sought in order to set robust assumptions, including baselines relating to environmental performance and impact. 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 the positive impact is not overstated, or in the case of carbon dioxide emissions, net emissions avoided are not overstated.

The following table summarizes the data that was available and estimated for companies in the US Large Cap strategy. The total number of companies in the strategy as of December 31, 2021 was 49.

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	49	47	1	0
CO ₂ avoided	29	12	6	11

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. Impax has mapped 51 categories (for a complete listing of the 51 revenue categories, please see p. 8 of the Impact @ Impax 2021 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.

Stock holdings (weights of companies in the portfolio referenced in this report):

As of 31 December 2021:

TRANE TECHNOLOGIES PLC	2.2%
WASTE MANAGEMENT INC	1.3%
TRIMBLE INC	1.2%

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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