

## Impact Report 2024

Measuring contributions to the transition  
to a more sustainable economy

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1 “Accredited investor” within the meaning of OSC Rule 45-501, Canada



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Our impact reporting shows the environmental and social benefits contributed by Impax's portfolio companies.





# Introduction

We are delighted to be celebrating a decade of measuring and reporting impact as we publish our tenth Impact Report.

When we published our first Impact Report ten years ago, Impax was amongst the first to focus on measuring the impact in listed companies. Back then, a significant focus in the marketplace was on measuring the carbon footprint and other risk-related metrics of companies and portfolios. The landscape has since evolved and no longer solely focuses on risks. Many sustainable investment frameworks and regulations now recognise the importance of solutions, opportunities, and impact.

Since its founding in the late 1990s, Impax has focused on developing and maintaining detailed classification systems or taxonomies used to identify activities and companies that provide environmental and social solutions, measured by revenue percentages. With the help of the taxonomies, Impax invests in solutions-providing companies that enable the transition to a more sustainable economy. We have, therefore, been interested in exploring how to measure and report what was unique to these companies, or in other words, the positive impact stemming from their products and services. We found that a number of companies, including smaller entities with limited sustainability disclosures, had conducted detailed studies with academic partners to measure energy and greenhouse gas (GHG) emissions savings, or avoidance, through the use of their products.

We discovered the impact data and metric that was most relevant and commonly reported was GHG avoidance, as well as other metrics linked to water, materials and renewable energy generation. These metrics remain important and we continue to report on them ten years later.

## Evolving metrics: social impact

In the last few years, Impax has developed a social taxonomy.<sup>2</sup> The taxonomy is designed to identify long-term growth opportunities driven by demographic and societal needs. In this year's report, we are pleased to include additional metrics for social impact, including metrics related to access to health care, finance and digital infrastructure.

We recognise that standardising the measurement and reporting of impact metrics is still very much a work-in-progress. Due to this lack of recognised standards, we have always sought to be conservative in our approach and to evolve our reporting for improved transparency. To ensure our reporting meets both market expectations and regulatory requirements, we have had external assurance provided on our methodology, data and calculations for every Impact Report published since 2015. We have also advised the Global Impact Investing Network on their IRIS+ impact taxonomy regarding environmental impact metrics and have worked with Ceres and peers in the industry to develop best practices for measuring avoided GHG emissions.

<sup>2</sup> The Social Taxonomy described here is not aligned with the requirements of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (commonly referred to as the "Taxonomy Regulation")



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## Impact theory of change

There has been a considerable increase in the recognition and understanding of the investment opportunities that solutions-providing companies provide, as well as their importance in enabling the transition to a more sustainable economy. Climate solutions are identified as an important category within many climate transition and net-zero frameworks. The UK's sustainable finance regime, Sustainability Disclosure Requirements (SDR), even has its own category for Impact. In this report we will describe Impax's own journey to impact in a 'theory of change' framework.

Earlier this year, we published our first Climate Report, aligned to the TCFD-framework and following the Transition Plan Taskforce principles. Given its extensive focus on climate-related reporting and metrics, we increasingly view the Impact Report as a description of broader environmental and social impacts across all of Impax's asset classes. We have therefore reduced the focus and narrative surrounding climate and GHG emissions and avoidance in this report.

Please refer to the [Impax 2024 Climate Report](#) for more information on financed emissions.

Moving forwards, we will continue our work linking environmental markets solutions and activities to the solutions alleviating the pressures on nature and biodiversity loss, and seek to establish impact metrics for nature-based solutions.

Impax has a strategic focus on expanding our resources and investments within fixed income, including impact bonds. We also anticipate much more focus and emphasis on this asset class in our impact measurement and reporting work in the years to come.

Thank you for your interest in our latest Impact Report. As the last ten years have shown, impact measurement and reporting are constantly evolving. Our efforts will focus on continued collaboration with peers and industry groups to help standardise impact measurement and reporting for the ultimate benefit of our investors and the broader investment community.

**Celebrating a Decade:** This report marks the tenth anniversary of measuring and reporting impact.

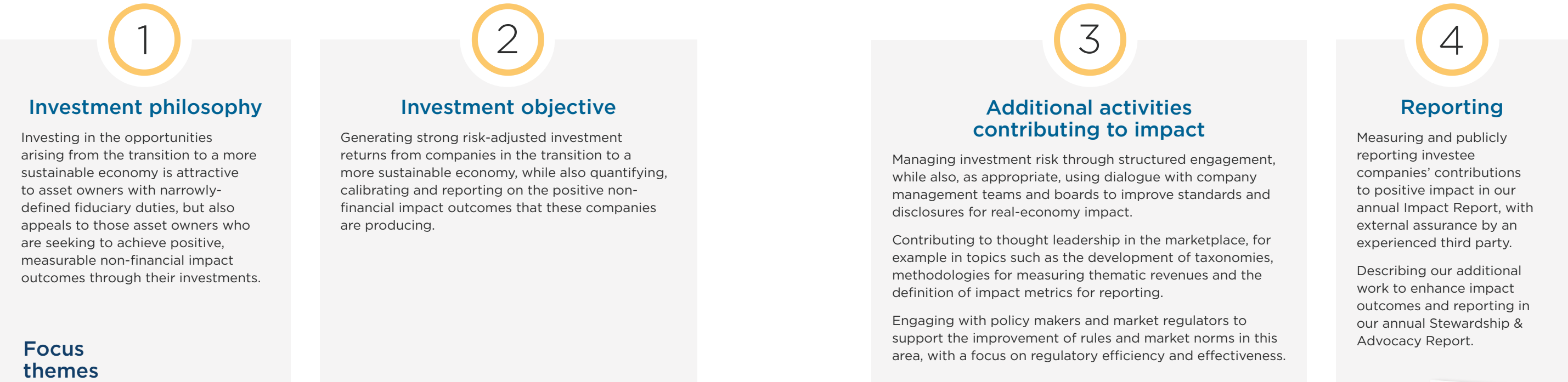






# Journey to impact

## Impax 'theory of change' framework



### Focus themes

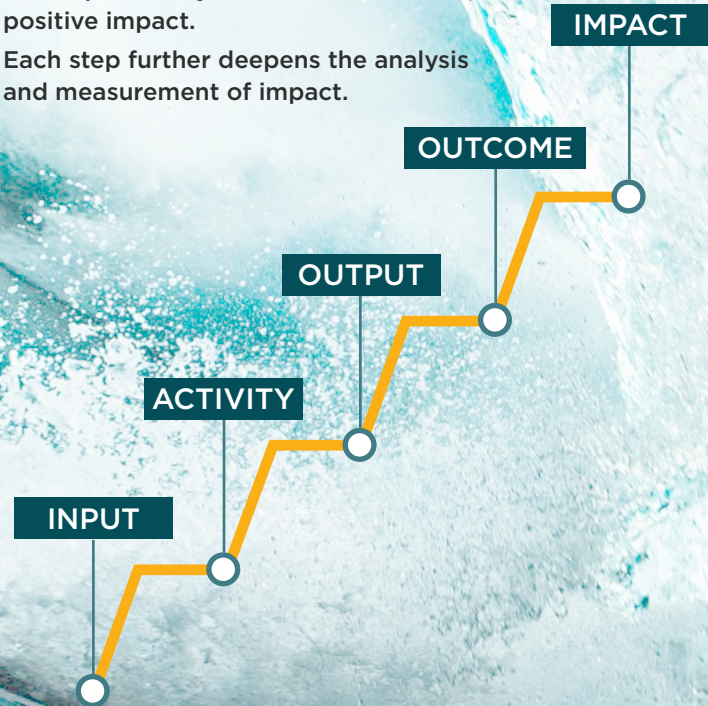
- Climate change
- Access to clean water
- Circular economy
- Wellbeing and nutrition
- Access to finance
- Equitable connectivity
- Access to health care

- Environmental Markets:** This taxonomy, as well as the **Water & Sustainable Food** taxonomies, identifies high growth markets delivering solutions to environmental and resource efficiency challenges. (1998)
- Climate:** The taxonomy identifies companies enabling mitigation of climate change or adaptation to its consequences. (2021)
- Sustainable Infrastructure:** The taxonomy identifies infrastructure solutions that advance environmental and societal wellbeing. (2022)
- Social:** The taxonomy identifies long-term growth opportunities driven by demographics and societal needs. (2023)

### Impact value chain

Impax's underlying thematic taxonomies, related company revenue and impact analysis link to measurable, positive impact.

Each step further deepens the analysis and measurement of impact.



The outcomes and real-economy impact of investment and stewardship activities are reported in the annual Stewardship & Advocacy and Impact reports.





# Measuring impact

In this report, we provide detailed information on the impact of the companies in our investment strategies, divided into two categories: Environmental and Social.

We have identified relevant metrics for all portfolio companies and issuers where data was available or could be estimated. We prioritise self-reported data. When this is unavailable, we use internally-calculated estimates, often based on previous years' figures when the business has not changed significantly. The analysis includes all companies and issuers in which the strategies were invested as at 31 December 2023.

Please see page 44 for more information on our Impact Methodology.

Environmental

- Avoided GHG emissions (tonnes of CO<sub>2</sub> equivalent)<sup>3</sup>
- Renewable electricity generated (MWh)
- Water treated, saved or provided (megalitres)
- Materials recovered/waste treated (tonnes)



Social

- Healthy and nutritious food provided (tonnes)
- Individuals provided with access to essential financial services
- Individuals digitally connected
- Patients treated and/or supported by health care services






To provide real-world context, we include equivalencies for the environmental impact metrics in Figure 1. Our calculations are based on data for US households and cars taken off the street (which serve as a proxy for developed markets). There is one exception, the Asian Environmental strategy, for which data is based on local equivalencies (Chinese households and cars taken off the street). Details are included in the Appendix on page 47.

Please see pages 52 and 53 for a year-on-year comparison by strategy. These figures have been subject to third party assurance (see page 54).

# Environmental

Figure 1: Environmental impact of portfolio companies in 2023

Based on US\$1mn invested, companies held in Impax strategies contributed to:

	 Total avoided emissions (tonnes) Equivalent to number of cars taken off the street for a year	 Total materials recovered/waste treated (tonnes) Equivalent to number of households' waste output for a year	 Total renewable electricity generated (MWh) Equivalent to number of households' electricity consumption for a year	 Total water provided, saved or treated (megalitres) Equivalent to number of households' water consumption for a year
Asian Environmental <sup>4</sup>	388 277	7 14	353 147	0 0
Climate	519 113	97 48	241 2	72 174
Global Environmental Leaders	167 36	104 51	23 2	56 135
Specialists	490 107	13 6	190 18	41 99
Sustainable Food	321 70	48 24	4 0	87 210
US Environmental Leaders	104 23	50 25	11 1	50 121
Water	308 67	118 58	26 58	236 569
Sustainable Infrastructure (Active)	232 50	87 43	168 16	75 181
Core Plus Bond	271 59	1 0	194 18	27 55

There can be no assurance that impact results in the future will be comparable to the results presented herein. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2023. Please refer to our Methodology (pages 44 to 47) for details including sources for the 'households' and 'cars taken off the street' equivalencies data used in our calculations.

3 Please see the Impax [Climate Report 2024](#) for Financed GHG Emissions data for 2023.

4 Asian household equivalencies. UK household equivalencies are used for other strategies (see page 47 for details).





We report absolute and intensity-based measures of financed Scope 1, 2 & 3 GHG emissions, total carbon footprint and weighted average carbon intensity (WACI) for Impax’s Listed Equities strategies and Private Markets investments in the 2024 Impax Climate Report.<sup>5</sup>

## Avoided GHG emissions

### Environmental issue

Addressing the drivers of climate change is one of the most pressing environmental challenges facing global society today. The acceleration and rapid scaling of climate solutions is critical to combating climate change and abating GHG emissions. Despite efforts and advancements in climate change mitigation, a recent study has shown that GHG emissions reduction must increase by a factor of 5 to meet the 1.5° target agreed at the Paris Accords.<sup>6</sup>

In April 2023, G7 nations affirmed the usefulness of measuring avoided emissions to mobilise capital towards climate solutions.<sup>7</sup> Impax measures the avoided emissions associated with the products and services of our investee companies to help demonstrate their contribution to a lower-carbon economy. Portfolio-level decarbonisation targets alone are not delivering results quickly enough. Instead, the focus should be on building political support, driving policy changes, and providing incentives for accelerating investments into climate solutions, such as renewable energy, energy efficiency and sustainable transport. Speeding and broadening their deployment will lead to reduced levels of GHG emissions.

We calculate the positive impact a product or service has on society by measuring the GHG emissions arising from its use compared to the emissions in a world in which that product does not exist. This calculation provides us with an ‘avoided emissions’ metric pertinent to the impact of climate solutions.

These products and services will either:

Act as substitutes for higher-emitting alternatives, such as renewable energy displacing coal generation. For example, solar panels and wind farms;

Or

Provide incremental energy or resource efficiency gains, such as circular business models that reduce material use. For example, sustainable packaging or computer aided design tools that optimise materials used in construction.

<sup>5</sup> Impax, 2024: Climate Report.

<sup>6</sup> United Nations Climate Change, 2019: Cut Global Emissions by 7.9 Percent Every Year For Next Decade to Meet 1.5 Degree Paris Target - UN Report.  
<sup>7</sup> G7, 2023: G7 Climate, Energy and Environmental Ministers’ Communiqué.





## Approach to calculating avoided emissions

We rely mainly on companies' reported data; we make estimates when avoided emissions are not reported, but robust industry or academic data is available.

We believe a structured approach ensures a robust and credible assessment of avoided emissions, helping us understand and effectively communicate the potential impact of climate solutions in the real world. We recognize that there is not yet a universally agreed-upon, standardized methodology for calculating avoided emissions. Despite the progress made by the World Business Council for Sustainable Development (WBCSD), World Resources Institute, Glasgow Financial Alliance for Net Zero (GFANZ) and others, the field is still evolving. To address this, we have strengthened our collaboration with peers and external data providers, and have supported research with organisations such as Ceres to provide further clarity on the topic. Through these collaborations, we aim to enhance the quality, transparency, and credibility of future avoided emissions methodologies and reporting standards.<sup>8</sup>

### 1. Using reported data

- Where companies report their own data on avoided emissions, we assess the reliability of their methodology. This includes a review of each company's reference scenario, use of life cycle emissions, and the assumptions of the

length of product life cycles. In certain cases, we adjust the reported avoided emissions figure by applying attribution factors. For example, a Chinese solar component manufacturer's products represented approximately 20% of the total cost of a solar module, and so we only attributed 20% of the reported avoided emissions to the final figure. In the near future, we aim to refine our attribution methodology in line with avoided emissions standards like the WBCSD, leveraging external data sources and capabilities.

- The robustness of a company's methodology is assessed to determine whether the data is appropriate and can be used in our calculations. If a company has provided insufficient transparency on their methodology, its avoided emissions claims may not be considered. This was the case for a forestry company that reported avoided emissions through its wood products in its 2023 CDP Climate report. We did not consider this to meet the adequate legitimacy criteria as the baseline scenario was not credible.



### 2. Estimating avoided emissions

If a company offers a credible climate solution but reports neither its avoided emissions, nor the information required to judge its reference scenario, we may estimate the figure ourselves using the following approach:

- **Identify the solution**  
Determine its functional output and, if possible, where it will be deployed.
- **Timeframe**  
When a company reports an avoided emissions figure based on a life cycle analysis, we annualise this total figure to the current year of sales.
- **Defining the reference scenario**  
The reference scenario reflects our best estimate of how emissions would evolve over time if the solution in question was not used. This approach relies on the assumption that solutions are displacing the reference products in the market, without considering that they may be 'additional' to these in some cases. Our choice of the reference scenario will depend on the context (geography, industry, etc.) in which the solution will be implemented. The reference case will be either a 'specific' product or service

or the 'average' product or service in the market where the solution will be deployed.

- **Leveraging external data and research to assess life cycle emissions**  
We assess the life cycle emissions of both the reference scenario and the climate solution. This includes emissions from production, use, and end-of-life stages, ensuring a comprehensive comparison. Given the difficulty in obtaining product- or service-level emissions data, we rely on emissions factors, other external data and industry research.
- **Quantifying avoided emissions**  
The final avoided emissions are calculated by comparing the emissions from the reference scenario with those from the climate solution. The difference between these two figures gives us the avoided emissions, indicating the positive impact of the climate solution.

<sup>8</sup> Ceres, 2024: Investing in the Future; Unlocking Value Through Avoided Emissions.

We collaborate with asset management peers, external data providers and research organisations like Ceres to enhance the quality, transparency, and credibility of future avoided emissions methodologies and reporting standards.



## Renewable electricity generated

### Environmental issue

There are several challenges facing today's energy system, not least the challenge of transitioning towards net zero in the next two decades. To meet this challenge, Bloomberg New Energy Finance forecasts US\$37tn will need to be invested in renewable electricity generation from 2020 to 2050. US\$50tn may be needed in infrastructure investment to support the transportation and storage of electricity and hydrogen.<sup>9</sup>

Global climate change challenges are amplified by energy supplies dominated by, or reliant on, fossil fuels. The mining of finite minerals to obtain fossil fuels, as well as issues relating to air quality in urban areas, should also be considered in the context of decarbonising energy supplies and using resources more efficiently. The current energy mix has adverse environmental impacts across the value chain and change is being enforced by governments, corporations and consumers.

Energy provision remains critical to the modern world and is a key facet to driving further global economic growth.<sup>10</sup> It will remain important to deliver low carbon energy and stem resource deployment in the coming decades to limit environmental damage. Systems in the New Energy sector include two main areas: First, renewable and low-carbon energy generation and second, a cluster of technologies that will help rationalise the use of energy in verticals like buildings. Using the available data, the Impax Environmental Markets taxonomy under the New Energy sector captures activities around:

- Energy generation from renewable sources such as solar, wind, geothermal, bioenergy, waste and water
- Equipment, products and other associated services facilitating renewable energy generation
- Technologies and assets that can decarbonise and clean up fossil fuel intensive energy generation
- Smart, efficient and digitally linked electricity grids, power storage and efficient lighting, to help lower electricity consumption as global populations rise
- Technology that promotes resource-efficient products and services in industrial processes

### Impact value chain

**Environmental sustainability challenge:** Clean energy generation and provision



**Environmental solution**

Electric utilities and renewable energy equipment



**Environmental activities**

Renewable energy developers & IPPs, solar and wind equipment



**Relevant measures/KPIs**

Renewable electricity generated (MWh)

### Methodology

'Renewable electricity generated' is calculated as the number of MWh of renewable electricity generated by companies.

When renewable energy generation is not explicitly reported, CDP data (C8.2) may be used for those companies that we assume self-generate renewable energy and return excess electricity to the grid.<sup>11</sup>

We calculate the difference between self-generated renewable energy and internal consumption, allowing us to estimate the quantity of electricity sold to the grid by the company in question. Where relevant, this data can also be used to quantify avoided emissions using IEA geographical emissions factors.

<sup>9</sup> Goldman Sachs, 2021: Carbonomics Five themes of progress for COP26.

<sup>10</sup> [www.iea.org](http://www.iea.org)

<sup>11</sup> <https://www.cdp.net/>

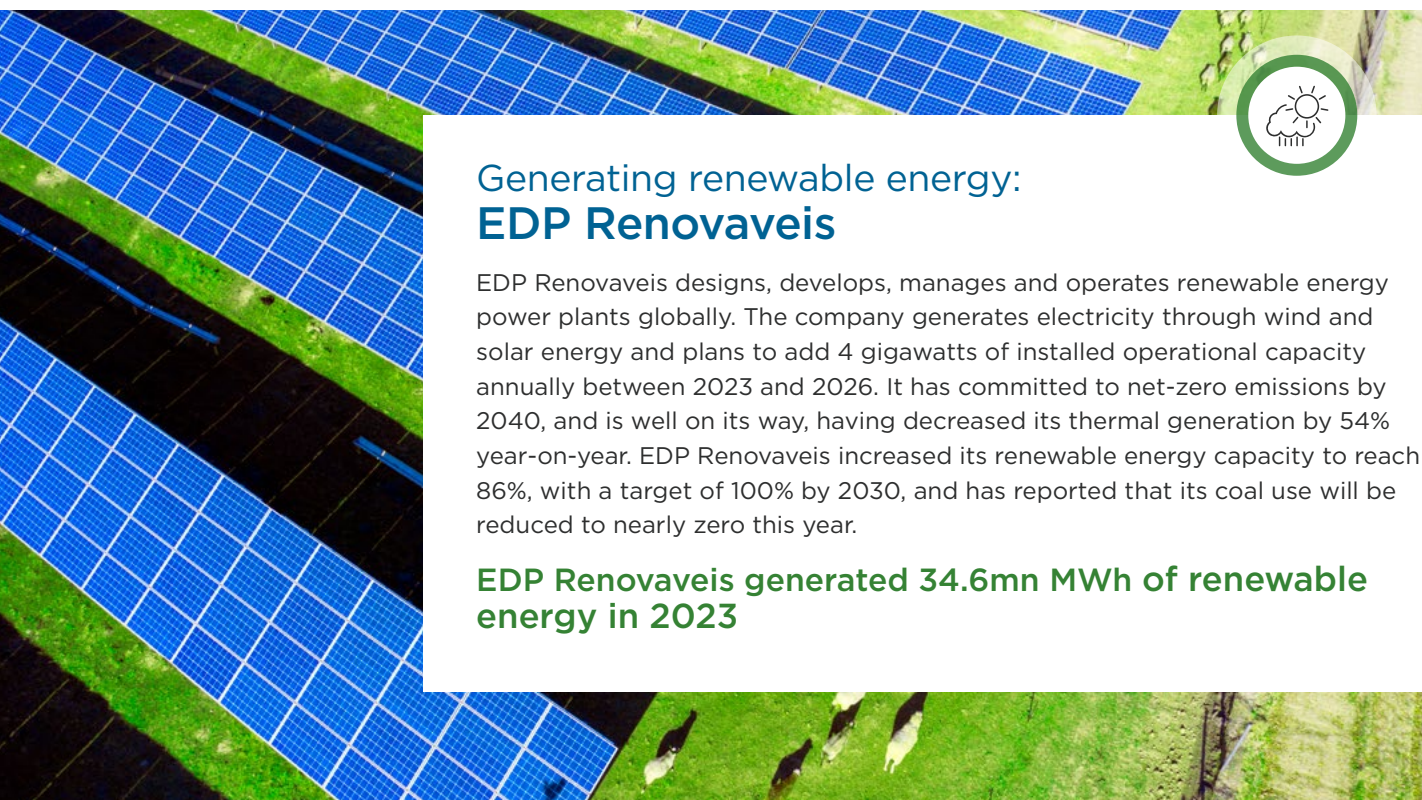




## Reducing energy intensity: Spirax-Sarco

Spirax-Sarco Engineering provides consultation, service and products for the control and efficient management of steam and industrial fluids. The company's boiler, pressure and temperature controls, along with steam traps, flow meters, safety valves and other tools, enable their customers to operate more efficiently and safely by reducing the energy and water intensity of their businesses. The company also recovered, recycled or generated electricity from 90% of its waste in 2023.

**Spirax-Sarco estimated that their products purchased in 2022 would help avoid 17.7mn tonnes of CO<sub>2</sub>e.**



## Generating renewable energy: EDP Renovaveis

EDP Renovaveis designs, develops, manages and operates renewable energy power plants globally. The company generates electricity through wind and solar energy and plans to add 4 gigawatts of installed operational capacity annually between 2023 and 2026. It has committed to net-zero emissions by 2040, and is well on its way, having decreased its thermal generation by 54% year-on-year. EDP Renovaveis increased its renewable energy capacity to reach 86%, with a target of 100% by 2030, and has reported that its coal use will be reduced to nearly zero this year.

**EDP Renovaveis generated 34.6mn MWh of renewable energy in 2023**

Sources: EDP Renovaveis ESG Report 2023, EDP Renovaveis Annual Report 2023

Case studies are provided for illustrative purposes only. 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. We selected companies based on their contributions in the relevant impact area.



## Beyond GHG emissions

Environmental challenges extend beyond the dangers posed by climate change. Pressure continues to build for the private sector to provide solutions for other systemic issues, including water pollution and waste created by unsustainable business practices.

For example, Impax's thematic environmental markets strategies invest in companies that deliver positive environmental solutions beyond avoiding GHG emissions. The products and services provided by portfolio companies deliver materially positive water and waste impacts that, where possible using the available data, we quantify by strategy, as we have year-on-year since our first Impact Report in 2015.

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/waste treated' impact figures.

Using the available data, we also report the total 'renewable electricity generated' by each strategy's portfolio companies – based on its projects – as an indicator of their contribution to the clean energy transition. Generating renewable electricity can reduce demand for fossil fuel-fired generating capacity, thereby lowering CO<sub>2</sub> emissions and other air pollutants in markets where companies operate and delivering progress towards national net-zero targets.







# Water treated, saved, or provided

## Environmental issue

The world’s water resources are under considerable strain. In addition to the increasing gap between the supply and demand of water, there are rising concerns about water quality and the stability of water infrastructure globally.

Water scarcity affects roughly 40% of the world’s population and, according to predictions by the United Nations and the World Bank, drought could put up to 700 million people at risk of displacement by 2030.<sup>12</sup>

Water resources are inextricably linked to climate change, with drought, flooding, and sea-level rise severely affecting individuals, societies, and businesses across the globe. Climate impacts are compounded by sea level rise, extreme precipitation, coastal storms, and severe water pollution.

Continued stress on the system will both be caused by climate change and exacerbate its effects. Water quality issues are prevalent in geographies across the world and will intensify environmental challenges around quantity and availability. For example, vast economic development in China has led to high levels of harmful runoff from both industry and agriculture.

Water is vital to virtually every business in the world, to all sectors of the economy, and to everyday life. Over the 20th century, global water use grew at more than double the rate of global population increases.

Companies providing water solutions are critical to tackling global water challenges, driving investment opportunities. Impax has been identifying and investing in water solutions for more than two decades.

The Impax Environmental Markets Taxonomy under the Water Infrastructure & Technologies sector captures activities around:

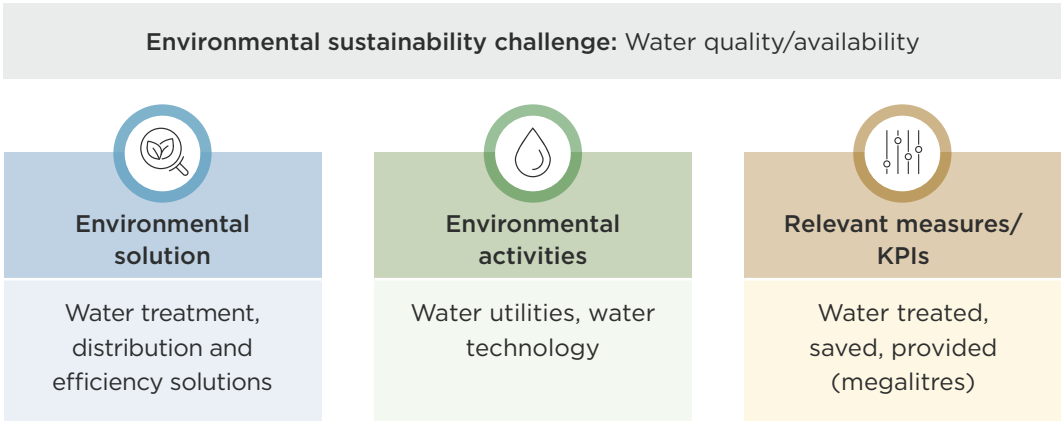
**Water distribution & infrastructure** – helping to move and provide water to communities around the world

**Water efficiency** – improving and reducing society’s reliance on water through a wide variety of solutions

**Water treatment** – treating wastewater from various sources or treating feedwater to achieve a high drinking water quality standard

**Water utilities** - treating and distributing water around the world; maintaining and expanding water infrastructure

## Impact value chain



12 World Bank, 2022: Water Resources Management

## Methodology

‘Water saved, treated, or provided’ is calculated as the total number of megalitres of water saved, treated, or provided by a company, primarily focusing on specific industries like water distribution and water technology.

These KPIs are typically self-reported by companies through their sustainability reports, annual reports and websites, particularly water ‘treated’, and water ‘provided’. If self-reported data is unavailable, estimates may be made leveraging additional external industry data.

For example, Lenzing, a textile fibre manufacturer, produces TENCEL, an eco-friendly botanic fibre that uses significantly less resources - it requires 10-20 times less water than cotton. By comparing TENCEL’s resource use to cotton, we can estimate the water saved through Lenzing’s TENCEL sales using a reference scenario which reflects how much water can be saved if cotton, as a market average product, was not used. This approach relies on the assumption that this solution is displacing the reference products in the market, without considering that they may be ‘additional’ to the existing products in some cases.



## Materials recovered and waste treated

### Environmental issue

The current linear economic model is wasteful, polluting, and resource intensive. As product design and waste management infrastructure are not equipped to recover and recycle the majority of resources in waste products, huge volumes of materials are underutilised and escaping the circle, ending up as waste. These materials create severe environmental problems, including:

- GHG emissions across the life cycle – manufacturing, use, disposal and landfill. Adopting the circular economy in five key sectors could reduce GHG emissions by 9.3bn tonnes of CO<sub>2</sub> by 2050, the equivalent of eliminating current emissions from all forms of transport.<sup>13</sup> With 45% of global emissions coming from products and food, the circular economy is one of the key ways to reduce these emissions.<sup>13</sup>
- Pollution issues such as plastics on land and in the ocean. Currently, 98% of plastic is not recycled; it is predicted that there will be more plastic than fish in the oceans by 2050 unless pollution is addressed.<sup>14</sup>
- Profligate use of environmentally damaging and scarce resources to manufacture replacements for products that could be recycled. According to the Ellen MacArthur Foundation, in a business-as-usual scenario, the linear model will double global material extraction between 2015 and 2060.<sup>15</sup>
- Biodiversity loss from further resource extraction and land use for activities such as agriculture. In agriculture, regenerative practices can reverse soil depletion and enhance food security.<sup>13</sup>

Creating a sustainable, 'closed loop' uses fewer natural resources, reduces pressure on biodiversity, generates fewer GHG emissions and produces less waste by extracting more value out of existing materials and products.

#### The four key principles include:

- Incorporating circular principles into design and production to both facilitate recyclability/reuse of products and maximise the use of recycled/regenerative materials.
- Maximising asset utilisation through the adoption of the sharing economy.
- Extending asset lives through refurbishment, repurposing and resale.
- Best in class waste management and resource recovery at the end of an asset's useful life through recycling of products and raw materials.

### Impact value chain

**Environmental sustainability challenge:** Creating a sustainable, closed loop economy



<sup>13</sup> Ellen MacArthur Foundation, 2020: *Financing the circular economy: Capturing the opportunity*.

<sup>14</sup> World Economic Forum, Ellen MacArthur Foundation and McKinsey & Company, 2016: *The New Plastics Economy: Rethinking the future of plastics*.

<sup>15</sup> Ellen MacArthur Foundation, 2020: *Financing the circular economy: Capturing the opportunity*.

### Methodology

The calculation of 'materials recovered, and waste treated' is based on the total number of tonnes of materials (mostly expressed as 'tonnes of waste treated, recovered or materials recycled') either reported or estimated by the companies.

This methodology encompasses a broad range of activities, from waste collection and treatment to the recycling of materials; all of which contribute to the circular economy.

#### Waste treated

This category primarily includes companies involved in the waste collection and treatment value chain, particularly those handling hazardous waste. Proper disposal of hazardous waste is critical to minimising environmental impact and preventing toxic substances from leaching into the water, air and soil. The companies within this category play a vital role in ensuring safe and effective waste treatment processes.

#### Material recovered

This includes companies that contribute significantly to the circular economy by recovering and recycling materials. A key example is the paper packaging industry, which utilises recycled materials as inputs.

#### Example analysis: plastic recycling in stormwater systems

A prime example of materials recovery is the operations of Advanced Drainage Systems (ADS), one of the largest plastic recyclers in North America. In 2023, ADS purchased nearly 540mn pounds of recycled plastic for use in stormwater pipes and other products. This effort contributes to the circular economy and has substantial environmental benefits. 57% of ADS's pipe revenue in 2023 was derived from products made with recycled materials.<sup>16</sup>

<sup>16</sup> Advanced Drainage Systems, 2023: Sustainability Report





## Ensuring safe water: Veralto

Water quality and the state of biodiversity are intimately connected. The effective treatment of water for drinking, bathing or discharge back into the natural environment is vital to avoiding harm to nature downstream. Veralto provides measurement and testing solutions that enable both industrial companies and utilities to ensure safe water for vast amounts of people every day, approximately 40% of the world's population.<sup>17</sup> The company's ChemTreat systems optimise water use and maximise reuse for industrial customers, helping them save over 300bn litres in 2023, and its Trojan Technologies UV and membrane filters disinfect and remove contaminants from over 45tn litres of water annually.<sup>17</sup>

**Veralto saved or treated 45.7mn megalitres of water in 2023.**

<sup>17</sup> Veralto, 2024: Sustainability Report.

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## Providing waste solutions: Veolia Environnement

Veolia is a French utility that designs and provides water, waste, and energy management solutions globally. As global populations rise, we must manage more intensely and precisely the planet's increasingly scarce resources. Veolia's waste collection and treatment limits the spread of urban and industrial pollution into soils, bodies of water and the atmosphere.

A global leader in processing hazardous waste, Veolia has invested to capture methane in Latin America, reduce its energy consumption by 5% and increase its energy production (a byproduct of the waste it captures) by 5% in two years.<sup>18</sup>

**Veolia treated 61mn tonnes of waste in 2023.**

<sup>18</sup> Veolia, 2024: ESG Multifaceted Performance Progress Report.

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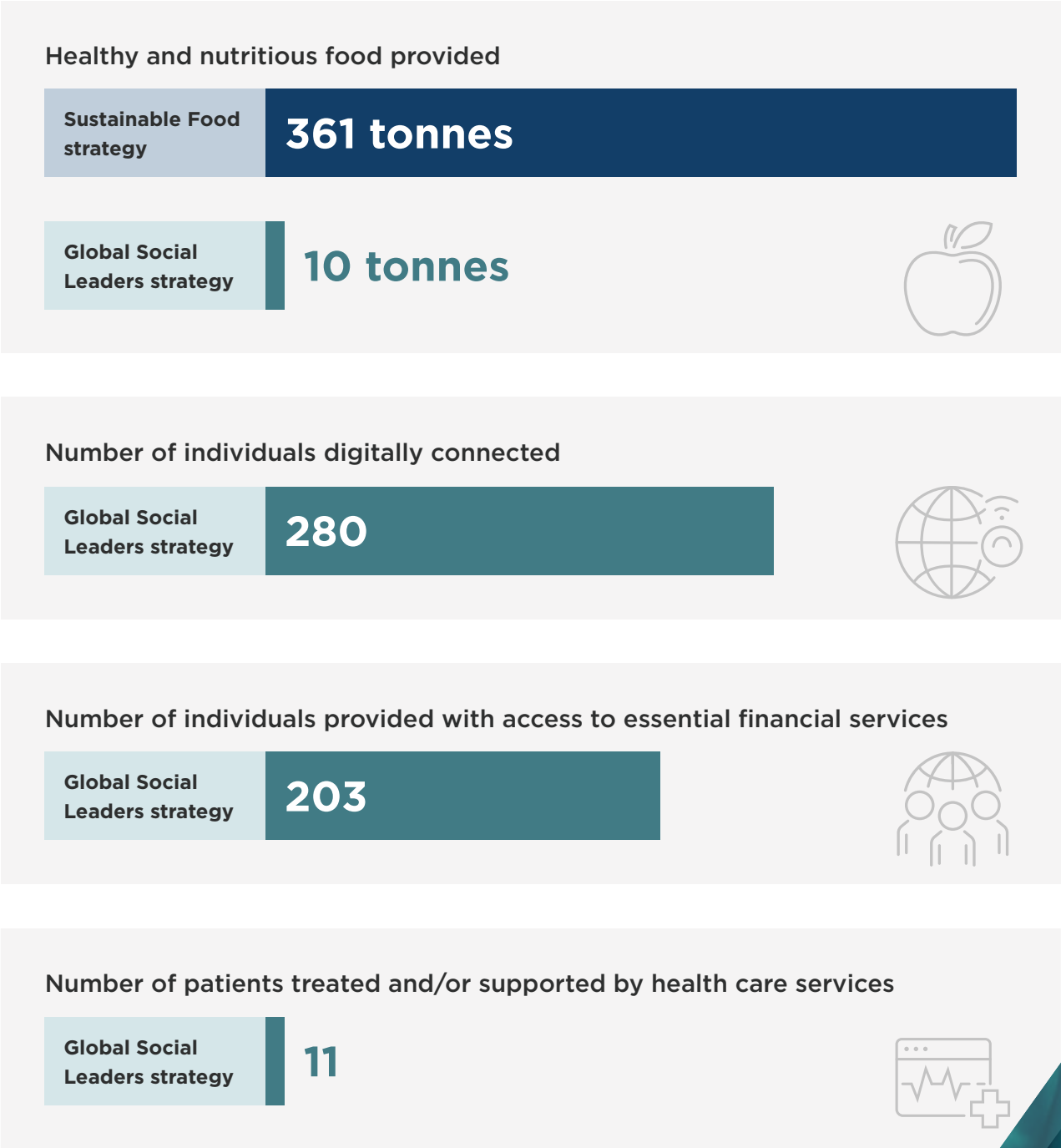


# Social

In this year’s report, we are pleased to include additional metrics for social impact.

**Figure 2: Social impact of portfolio companies in 2023**

Based on US\$1mn invested, companies held in Impax strategies contributed to:



There can be no assurance that impact results in the future will be comparable to the results presented herein. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2023. We will be considering how we can apply these social metrics to our Core Equities strategies in the future.



# Healthy and nutritious food produced

The food and agriculture sector is in the early stages of a far-reaching transition towards more sustainable food production and consumption. Increasing environmental and resource pressures, changing consumer demands, technological innovation and evolving regulatory interventions are disrupting existing depletive practices and unhealthy preferences.

The aim of the Impax Sustainable Food taxonomy is to help identify the most innovative leaders in sustainable food supply, resource efficiency and nutrition. Within this taxonomy there is a focus on companies that grow, manufacture or distribute high quality, natural foods. As part of Impax’s investment process, companies undergo detailed and proprietary ESG analysis to ensure business practices are robust before they are included in portfolios.

As part of ongoing efforts to expand our impact reporting, we have quantified the volume of healthy and nutritious food produced by companies in the Impax Sustainable Food and Impax Global Social Leaders strategies (as at the end of 2023).

Examples of healthy foods include fruits, vegetables, whole grains, lean and minimally processed meat (excluding beef), nuts, seeds and healthy oils, as well as healthy dairy products such as whole milk and yoghurts, alternative proteins and child and adult nutritional supplements.

Based on our analysis, portfolio companies that contributed to this metric included three producers of fresh food, two global food and beverage companies and a producer of plant-based food and drinks. Using available data, we calculated the percentage of each company’s revenue aligned with our Sustainable Food taxonomy. We chose to use alignment with our own taxonomy, rather than use companies’ own estimates, as our estimates proved more conservative. Multiplying these respective alignment figures by companies’ total food production volumes (as reported by the companies) provided us with estimated volumes of healthy and nutritious food produced, in tonnes.

## Impact value chain



## Methodology

The calculation of ‘healthy and nutritious food produced’ is based on the total number of tonnes either reported or estimated by companies within Impax’s Sustainable Food taxonomy. Due to the lack of standardised definition for ‘healthy and nutritious’ foods, we utilise the specific range of products delineated by the taxonomy.

While companies within the food sector may set specific health-related sales targets – such as a percentage of sales derived from foods with a Nutri-Score of B or above – they rarely disclose these metrics as absolute key performance indicators (KPIs). Consequently, our estimates for this KPI are derived from a combination of company-reported data, external research and, where necessary, direct engagement with the companies.

Case studies are provided for illustrative purposes only. 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. We selected companies based on their contributions in the relevant impact area.



## Producing healthy food: Dole

US-listed Dole produces and distributes fresh fruit, vegetables, and food products such as bananas, pineapples, berries, avocados and other organic produce globally. Dole is part of the global shift towards natural foods, capitalising on increasing consumer demand for fresh fruits and vegetables. Moreover, Dole is committed to continuous improvement in farming and supply chain practices, contributing positively to societal health and environmental sustainability.

**Dole produced 15.33mn tonnes of healthy food in 2023**







# Individuals provided with access to financial services

There have been longstanding barriers to entry, asymmetric information and knowledge gaps associated with the financial system. This financialisation of society has dramatically changed the way people receive their income and spend their money. The Impax Social taxonomy captures companies which are equalising and enabling access to essential financial services and addressing participation in the formal economy. Impax’s view of “Essential” Financial Services is broadly aligned with the Finance Watch Report’s definition of Basic Financial Services and it is broken down by the Impax Social taxonomy in two main areas: Financial security and inclusion, and financial platforms.<sup>19</sup>

## Financial security & inclusion

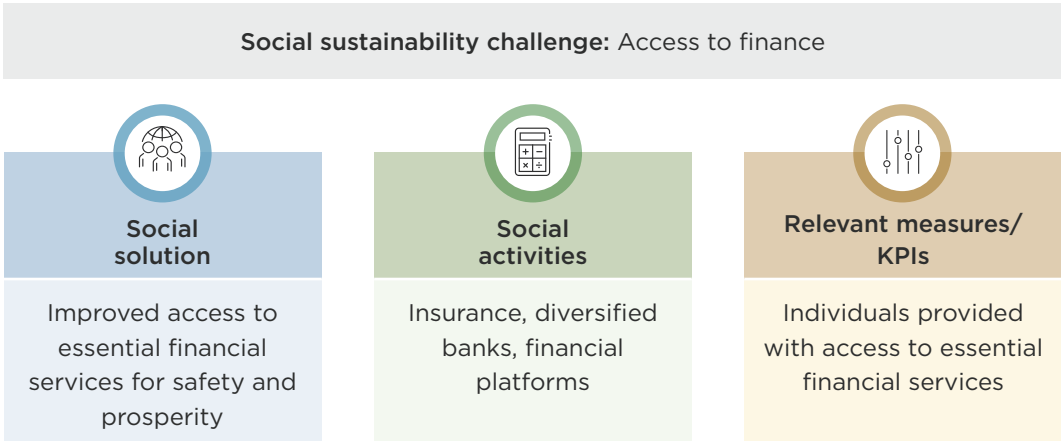
Includes companies providing financial security, resilience and preparedness through life and health insurance and retirement solutions globally, and companies providing access to useful and appropriate financial products or services to people who otherwise may not have had access or an adequate range of choice. This can be achieved through building distribution capabilities in geographic areas where access to financial services is lacking, as well as into under-served segments of populations, or by developing low-cost products and decentralised distribution channels such as those offered by digital finance.

## Financial platforms

Includes companies contributing globally to increase trust, transparency, and customer engagement with their own financial future. These companies can empower consumers across the globe by:

- Increasing transparency on pricing and decision-making of third-party companies (e.g. credit bureaus, marketplaces, data providers)
- Enhancing customer experience by providing technology solutions which ensure the integrity of the financial system as a whole (e.g. regulatory technology, data protection)
- Enhance ease of use and engagement (e.g. payments processing, accounting)

## Impact value chain



## Methodology

‘Number of individuals provided with access to essential financial services’ is calculated as the number of customers of the following types of companies:

- Health & Life Insurance**  
Global exposure is considered.
- Diversified Banks**  
Emerging markets exposure only is considered.<sup>20</sup>
- Financial Platforms**  
Global exposure is considered.
- Diversified Financial Services**  
Global or Emerging Markets exposure is considered depending on the type of company activities.

We assume the number of customers disclosed by companies at year end (including daily average figures) as a yearly proxy.

19 Finance Watch, 2020: Conclusions and recommendations of the Finance Watch report

20 Emerging markets as defined by the latest MSCI classification available.



# Individuals digitally connected<sup>21</sup>

The Impax Social taxonomy captures companies which are providing critical hardware and software for telecommunications and enabling information sharing and digital services, as well as developing or enabling transformational technology with significant implications for access, affordability, accuracy, productivity and equity.

The Impax Social taxonomy is primarily focused on social inclusion, cohesion, wellbeing and development. We are therefore most interested in measuring the number of individuals gaining improved access to digital services and connectivity at a global level. To minimise the risk of overcounting for service providers, we only include the daily average figure, which is used as an annual proxy.

## Impact value chain



## Methodology

'Individuals digitally connected' is calculated as the number of global customers for Communication Services companies. For developed countries only, the total number of individuals digitally connected is multiplied by the percentage of people lacking internet connection.<sup>22</sup>

<sup>21</sup> Includes 4G, 5G, broadband and high-speed internet.

<sup>22</sup> Global-Finance, 2021: World's Most Unbanked Countries.





## Providing financial services: **Bank Rakyat Indonesia**

Indonesia's second-largest bank by total assets, Bank Rakyat Indonesia (BRI) provides commercial banking and other financial services. BRI combines in-person and digital capabilities through a network of nearly 7,000 microfinance outlets and more than 600,000 agents across rural, remote and disadvantaged areas.<sup>23</sup> Microfinance is a vital part of Indonesia's economic development. While loans to small, medium-sized and large enterprises decreased between 2014 and 2019, loans to microenterprises grew nearly 12%.<sup>24</sup>

Bank Rakyat Indonesia's micro and ultra micro programs have over **51mn lending customers**, and over **163mn savings customers**.

23 PT Bank Rakyat Indonesia, February 2023: BRI Sustainability Report.

24 OECD iLibrary, 2022: Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard

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## Providing digital infrastructure: **Vodacom**

Vodacom Group operates a cellular telephone network in South Africa. The Company has mobile operations in Tanzania, Mozambique, Lesotho and the Democratic Republic of Congo. It provides critical infrastructure, facilitating digitalisation and supporting equitable connectivity. Digital infrastructure can help to limit work-related travel, modify weekly commuting hours, and facilitate remote care, and can even create energy efficiency improvements in smart manufacturing, which needs strong networks.<sup>25</sup>

Vodacom has enabled digital connectivity for **203mn individuals** as of December 2023.<sup>26</sup>

25 Vodacom Group Limited, 2024: Environmental, social and governance report.

26 We have used the March 2024 data point from Vodacom's 2024 Environmental, social and governance report as a proxy for December 2023.

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# Patients treated or supported by health care services

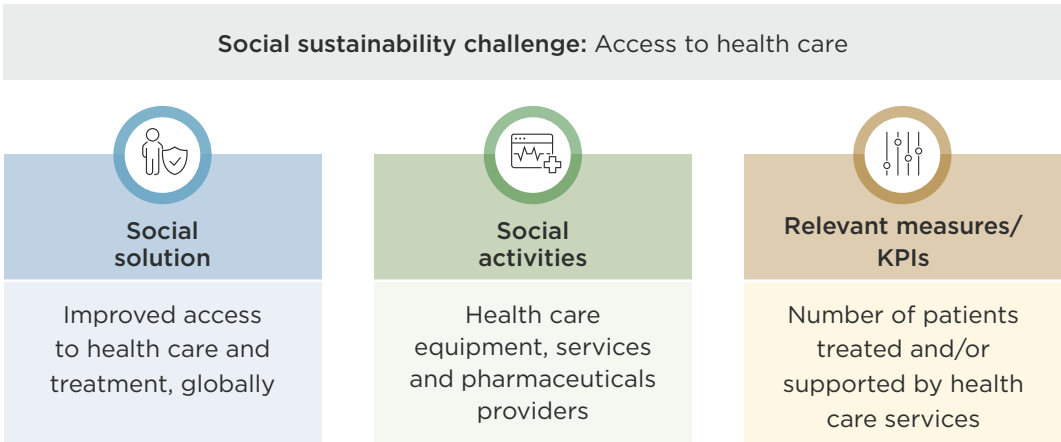
The Impax Social taxonomy captures companies working to improve medical and critical health outcomes by transforming the treatment and management landscape through innovation, diagnostics, access and affordability.

This pertains to chronic diseases, mental health, new drug development and biotech, and personalised medicine advancements. The Impax Social Taxonomy breaks down the sector into three main areas:

- Advanced medical solutions.** Companies producing clinically meaningful benefits including cures and preventative treatments through solutions like vaccines. Companies in this area are also creating innovative supply chain solutions and working in underserved areas, whether defined by social group or therapeutic need.
- Health care access & affordability.** Companies enabling or broadening patient access to therapy and services, as well as companies reducing patient or health care system cost burdens.
- Diagnostics.** Companies driving molecular diagnostics, genetic sequencing, imaging, screening and patient monitoring advancements.

The Impax Social taxonomy<sup>27</sup> is primarily focused on social inclusion, cohesion, well-being and development; hence we measure the number of individuals gaining access to health care and treatment globally.

## Impact value chain



<sup>27</sup> The Social Taxonomy described here is not aligned with the requirements of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (commonly referred to as the “Taxonomy Regulation”)

## Methodology

‘Number of patients treated and/or supported by health care services’ is calculated as the number of patients medically treated by the products and services of the following types of healthcare companies:

### Health care equipment

Global exposure is considered.

### Health care providers and services

Global exposure is considered).

### Pharmaceuticals

Global exposure is considered.

We assume the number of patients or customers disclosed by companies at year end (including daily average figures), as a yearly proxy.

<sup>28</sup> Intuitive Surgical, Feb 2024: Environmental, Social, and Governance Report 2023.

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## Enabling surgical solutions: Intuitive Surgical

Intuitive Surgical creates robotic-assisted surgical solutions that enhance health and wellness for patients, founded on the belief that minimally invasive care is life-enhancing care. The company’s machines drive better outcomes for patients through improved precision, control, and unique insights. Its equipment can reduce personnel costs, increase productivity through automation and improve efficiency and quality of care for its customers.<sup>28</sup>

Intuitive enabled treatment for more than 2.2mn patients in 2023<sup>28</sup>





# Fixed Income

The transition to a more sustainable economy is creating opportunities for investors to finance positive social and environmental outcomes through bond investments.

The Impax Core Plus Bond strategy seeks out these opportunities, including securities that support affordable housing, community development, development finance, education, environment and energy projects, gender equality, sustainable infrastructure and sustainable products and services. We believe that quantifying the positive environmental and social impact of the portfolio demonstrates the importance of bond issuance as a source of capital driving sustainable development.

We have calculated the same environmental metrics as in our listed equity portfolios (GHG emissions avoided, renewable energy generated, water provided, saved, or treated, and materials recovered, or waste treated). Additionally, we have calculated two social impact metrics for the portfolio: (1) the number of educational and graduate loans financed and (2) the number of affordable housing units financed by the strategy.

While the availability and quality of data has generally improved each year since we began tracking these metrics, there is no standard methodology that prescribes how this information is reported. In addition, funds raised through a bond issuance will take some time to be deployed and deliver any social or environmental benefit. For illustrative purposes, only 38% of the issuers of the green bonds and green mortgage-backed securities held in the Core Plus Bond strategy at year-end 2021 had published information about the bond's use of proceeds, compared to 63% at year-end 2022 and 50% at year-end 2023.

Similarly, security selection plays a key role in the variability of the reported data. For example, the total number of affordable housing units financed by the bonds held in the Impax Core Plus Bond strategy dropped by about third, year-over-year between 2022 and 2023, due to the sale of just two social bonds issued by two U.S. regional banks. While that may appear to be a dramatic swing, the 2022 data point is still more than two times larger than the 2021 number.

## Social issues

- Affordable Housing:** Housing availability and affordability affects people's economic well-being.<sup>29</sup> In the US, housing is considered affordable if the occupant is paying no more than 30% of their gross income for housing costs, including utilities.<sup>30</sup> Impax invests in mortgage-backed securities issued by Fannie Mae and Freddie Mac, both of which were created by Congress to provide liquidity, stability, and affordability to the US housing market.
- Education:** Education and training increases skill levels of populations, with benefits for social mobility, productivity, and economic growth. According to the Federal Reserve, a college education is widely recognised as a path to higher income and greater economic well-being. More than half of adults who went to college said that the lifetime financial benefits of their higher education exceeded the financial costs.<sup>31</sup> Moreover, there are substantial differences in lifetime earnings by educational attainment.<sup>32</sup> Impax invests in education mainly through asset-backed securities, like those issued by the Social Finance (SoFi) Professional Loan Programme.

29 [The Fed - Housing \(federalreserve.gov\)](#)  
30 [HUD Archives: Glossary of Terms to Affordable Housing - HUD](#)  
31 [The Fed - Education \(federalreserve.gov\)](#)  
32 [Research Summary: Education and Lifetime Earnings \(ssa.gov\)](#)

## Methodology

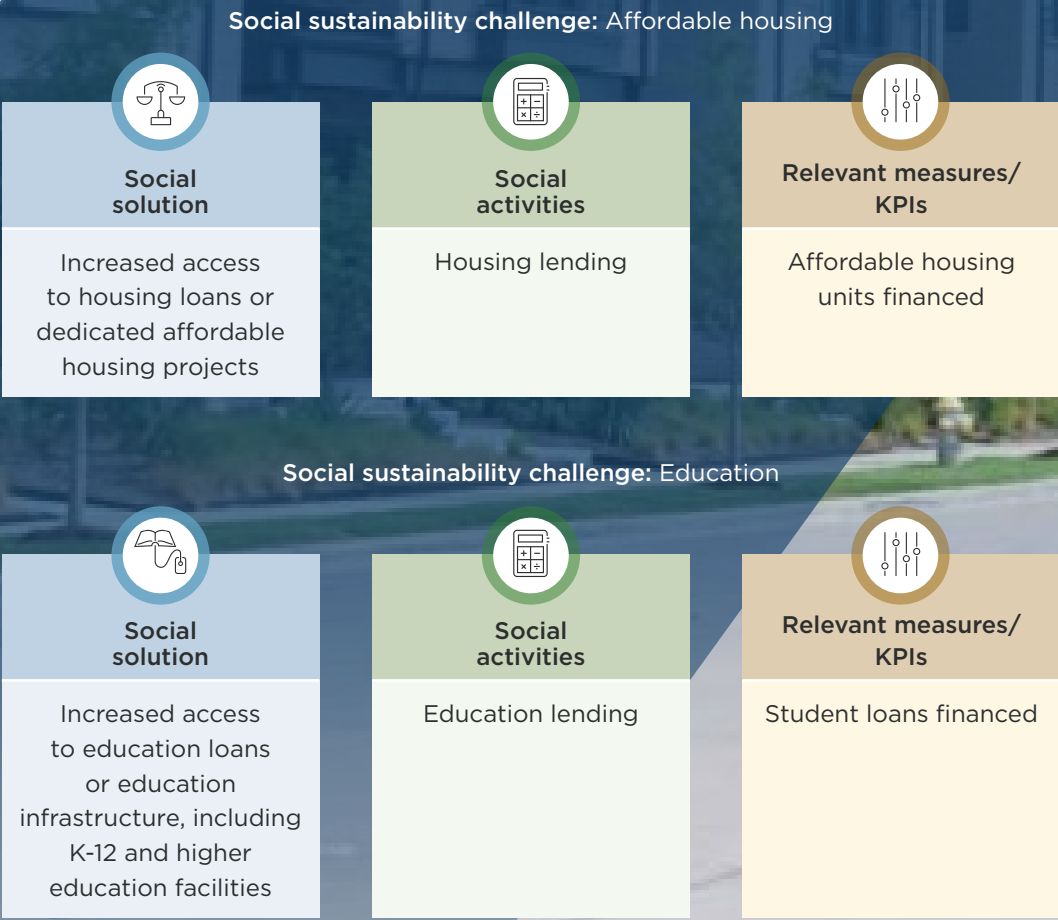
'Number of affordable housing units' is calculated as the total number of units created by the issuance of the asset-backed securities held by the strategy at the end of the reporting period:

Example: Freddie Mac Multifamily Structured Pass-Through Certificates

'Number of student loans financed' is calculated as the total number of student loans created by the issuance of the asset-backed securities held by the strategy at the end of the reporting period:

Example: SoFi Professional Loan Programme

## Impact value chain







The UN Sustainable Development Goals have been increasingly adopted by investors as a tool for evaluating funds' impact outcomes. Impax's focus on the transition to a more sustainable economy results in meaningful exposure to the SDGs as a by-product of the investment process.

## UN Sustainable Development Goal alignment

The UN Sustainable Development Goals (SDGs) encompass 17 sets of targets to be met by the world's economies by 2030.<sup>33</sup> The SDGs have been increasingly adopted by investors as a tool for evaluating funds' impact outcomes.

Impax's focus on the transition to a more sustainable economy results in meaningful exposure to the SDGs as a by-product of the investment process. Figure 3 on page 41 summarises portfolio company exposure to the UN SDGs by strategy, 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 and related revenues that contribute to the achievement of the SDGs. We map 75 categories of business activities linked to 11 of the 17 SDGs and their underlying targets and indicators (see mapping on page 40).

We focus on those SDGs where the underlying targets are relevant to private sector investment opportunities, rather than public funding or policy action. For example, our portfolio companies – even those held within the Climate strategy – have no 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.

Our methodology for measuring SDG-related exposure does not differentiate between geographic regions, with two exceptions: in the case of financial services and telecom companies where their business activities relate to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure), we only focus on company activities in less developed countries.

Over time, portfolio companies' exposure to SDGs will vary and depend on our portfolio management decisions.

<sup>33</sup> [www.un.org/sustainabledevelopment/sustainable-development-goals](https://www.un.org/sustainabledevelopment/sustainable-development-goals)





# Impax mapping of company exposures to UN SDGs

 <div><div>2</div><div>ZERO HUNGER</div></div>	<ul style="list-style-type: none"><li>Sustainable agricultural inputs</li><li>Growers &amp; operators</li><li>Sustainable agricultural products</li><li>Natural food ingredients</li><li>Agricultural machinery &amp; equipment</li><li>Food processing equipment</li><li>Healthy/nutritious foods</li><li>Efficient food distribution</li><li>Healthy/nutritious food distribution</li><li>Fresh food distribution</li><li>Access to safe food</li></ul>	 <div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>	<ul style="list-style-type: none"><li>Smart &amp; efficient grids</li><li>Power storage &amp; uninterruptible power supply</li><li>Industrial energy efficiency</li><li>Consumer energy efficiency</li><li>Buildings energy efficiency</li><li>Efficient lighting</li><li>Advanced road vehicles &amp; devices</li><li>Advanced aviation</li><li>Advanced shipping</li><li>Railways</li><li>Efficient IT</li><li>Cloud computing</li><li>Digital collaboration solutions</li><li>Environmental R&amp;D &amp; consultancies</li><li>Supply chain logistics</li><li>Activities linked to R&amp;D (to capture the innovation enabling further efficiency gains through technology)</li><li>Activities directly linked to digital infrastructure or operations relating to telecoms in LDC &amp; EM regions</li></ul>
 <div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div>	<ul style="list-style-type: none"><li>Prevention of disease (diagnostics, testing, vaccines)</li><li>Bio-pharmaceuticals (innovation, drug discovery)</li><li>Medical technology</li><li>Health care access &amp; affordability</li><li>Personal care &amp; wellness</li></ul>	 <div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<ul style="list-style-type: none"><li>E-bikes &amp; bicycles</li><li>Buses &amp; coaches</li><li>Shared mobility</li><li>Transport pollution reduction</li><li>Pollution control solutions</li><li>General waste management</li><li>Hazardous waste management</li><li>Environmental testing &amp; monitoring</li><li>Safe &amp; affordable housing</li><li>Social buildings</li></ul>
 <div><div>4</div><div>QUALITY EDUCATION</div></div>	<ul style="list-style-type: none"><li>Access to quality education</li><li>Provision of technical, vocational &amp; tertiary education/training</li><li>Services facilitating inter-cultural exchange</li></ul>	 <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<ul style="list-style-type: none"><li>Sustainable agriculture</li><li>Sustainable aquaculture</li><li>Organic &amp; alternative foods</li><li>Technology &amp; logistics</li><li>Food safety &amp; packaging</li><li>Recycling &amp; waste technologies</li><li>Recycled, recyclable products &amp; biomaterials</li><li>Resource circularity &amp; efficiency</li><li>Environmental resources</li><li>Evolving marketplaces</li></ul>
 <div><div>6</div><div>CLEAN WATER AND SANITATION</div></div>	<ul style="list-style-type: none"><li>Water distribution &amp; infrastructure</li><li>Water treatment</li><li>Water efficiency</li><li>Water utilities</li></ul>	 <div><div>13</div><div>CLIMATE ACTION</div></div>	<ul style="list-style-type: none"><li>Finance &amp; investment</li></ul>
 <div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div>	<ul style="list-style-type: none"><li>Renewable energy developers &amp; independent power producers</li><li>Biofuels</li><li>Hydrogen infrastructure</li><li>Solar energy generation equipment</li><li>Wind power generation equipment</li><li>Other renewables equipment</li><li>Cleaner energy</li></ul>	 <div><div>15</div><div>LIFE ON LAND</div></div>	<ul style="list-style-type: none"><li>Sustainable forestry</li><li>Sustainable land management</li></ul>
 <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div>	<ul style="list-style-type: none"><li>SME lending revenues from the least developed countries (LDC) &amp; emerging market (EM) regions</li><li>Insurance revenues from LDC &amp; EM regions</li><li>SME insurance revenues (global)</li><li>Payment infrastructure &amp; technology revenues from LDC &amp; EM regions</li><li>Employment services</li></ul>		

The UN SDGs encompass 17 goals. For further information, please visit [www.un.org/sustainabledevelopment/sustainable-development-goals](http://www.un.org/sustainabledevelopment/sustainable-development-goals).

Figure 3: Portfolio company revenue alignment to the UN SDGs by strategy (%)		2	3	4	6	7	8	9	11	12	15
Asian Environmental	58%				1%	4%		38%	8%	8%	
Climate	76%		2%		13%	13%		30%	3%	15%	2%
Leaders	52%				8%	2%		19%	10%	13%	
Specialists	79%				13%	13%		22%	7%	22%	1%
Sustainable Food	52%	34%	2%					1%		11%	3%
US Environmental Leaders	49%				12%			15%	10%	11%	
Water	71%				48%	1%		12%	3%	8%	
Global Opportunities	54%	1%	20%		1%	1%	8%	15%	1%	8%	
US Large Cap	33%	2%	11%		3%	1%	1%	12%	1%	2%	1%
US Small Cap	42%	3%	16%	1%	2%			7%	3%	9%	1%
Sustainable Infrastructure (Active)	46%				15%	7%	1%	18%	4%	3%	
Global Social Leaders	53%	4%	16%	2%	2%	1%	13%	7%	7%	1%	
Core Plus Bond	32%		1%	2%	2%	10%		14%	1%	1%	

These figures refer to the past. Past performance is not a reliable indicator of future results.

The UN SDGs encompass 17 goals. For further information, please visit [www.un.org/sustainabledevelopment/sustainable-development-goals](http://www.un.org/sustainabledevelopment/sustainable-development-goals).

Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2023. 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 Core Equities strategies with emerging market exposure. Figures for Global Social Leaders are based on a representative account. Data rounded to nearest full percentage point, therefore weightings less than 0.5% are not included. Individual revenue alignment numbers may not add up to total revenue alignment numbers, by respective strategy, due to rounding.

Please note that data in Figure 3 was not subjected to third party assurance (see page 54).



# Appendix

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# Further information on our impact methodology

The relevant environmental and social metrics for all portfolio companies and issuers were measured where data was available or could be estimated. The analysis included all companies and issuers in which the strategies were invested as at 31 December 2023.

At the time of preparing the report, we aimed to obtain the most recently available and commonly collected impact data from our investee companies and issuers.

For the calculation of impact attribution for the listed companies we invest in, Impax's methodology is based on equity value. Under this approach, we use the percentage of the equity owned in each underlying company by Impax (based on its proportion to total outstanding shares) to measure the environmental or social benefit attributable to each relevant strategy.

For the calculation of impact attribution for the fixed income issuers we invest in, equity value would be unsuitable. The impact attributed to each relevant strategy is instead based on the percentage owned in each underlying issuer, calculated by dividing the value of the bonds by the company's enterprise value (the sum of its equity value and net debt). For certain government-related issuers, enterprise value was substituted with total assets in our calculations. For labelled bonds, such as social and green bonds, the impact attributable to a strategy is based on the percentage ownership of that issuance. Generally, we only consider bonds which have been held for over one year in our fixed income reporting because funds raised through an

issuance will take some time to be deployed and deliver any social or environmental benefit.

### Relevance and availability of metrics

We also assessed the relevance of each metric for each company based on their business activities:

- We created a heat map to demonstrate the relevance of each impact metric for investee companies from a variety of industries (e.g. water utilities, digital infrastructure, food/produce distribution)
- We collected relevant data from company and issuer disclosures, including sources such as annual reports, CDP and sustainability reports. Where information was not available, we contacted companies to request additional disclosure, which in some cases produced additional relevant data
- However, some companies and issuers could not/did not provide information on several metrics. We therefore created estimates, where robust data was obtained for these metrics:
  - For missing Scope 1 and 2 GHG emissions data, we used a third-party data vendor's methodology that estimated emissions based on a precise peer grouping of companies
  - For missing environmental impact data, industry or academic data was sought 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 or issuer



The table on pages 50 and 51 summarises the proportion of data that was available and estimated. Note that the impact reported will always depend on the mix of underlying holdings and so is subject to change. The information contained in this report is therefore specific to the reporting date.

Impax strives to be conservative with estimates in an effort to ensure that the positive impact is not overstated.

Figure 4: Illustrative indication of companies (from our environmental strategies) with their relevant impact metrics

Company	1	2	3	4	5	6	7	8	9	10
Materials recovered/ waste treated (tonnes)	+				+	+				
Water treated, saved or provided (megalitres)	+			+	+	+		+		+
Renewable electricity generated (MWh)		+			+	+				+
Avoided GHG emissions (tCO <sub>2</sub> e)	+	+			+	+		+	+	+

Please note that this is an illustrative example of portfolio company impact metrics.





# Exclusions and limitations

Although we have made investments in companies providing pollution control solutions, including air pollution mitigation technologies (for example, the avoidance of sulphur dioxide and nitrogen oxides), we have so far been unable to meaningfully quantify their environmental impact. This also applies to some energy efficiency investments and solutions related to food waste avoidance. These are all important environmental solutions in our investments, however the quantification of related impact metrics remains difficult.

We found that several companies (particularly in the water sector) reported that the positive impact of their products largely depends on the way in which end users utilise them and therefore we could not quantify their impact information.



# Equivalencies data used in Figure 1

## US household equivalencies

**Average annual US household electricity usage** of 10.79 MWh. Source: US Energy Information Administration.<sup>34</sup>

**Average annual US household water usage** of 414,502 litres. Source: Impax calculations, based on water usage data from the US Environmental Protection Agency.<sup>35</sup>

**Average annual US household waste** of 2,030kg. Source: Impax calculations based on data from the US Environmental Protection Agency and average household size data from the US Census Bureau.<sup>36</sup>

**US cars on the street equivalency**  
Average annual emissions of a car as 4.6tCO<sub>2</sub>. Source: Impax calculations based on the United States Environmental Protection Agency's (EPA) calculations of GHG emissions from a typical passenger vehicle.<sup>37</sup>

## Asian household equivalencies (used only for Impax Asian Environmental strategy)

**Average annual China household electricity usage** of 2.40 MWh. Source: Impax calculations, based on electricity usage per capita and average household size data.<sup>38</sup>

**Average annual China household water usage** of 186,099 litres. Source: Impax calculations, based on water usage per capita, the proportion of water used by households and average household size data.<sup>39</sup>

**Average annual China household waste** of 490kg. Source: Impax calculations based on UK equivalencies (see footnotes), due to a lack of data, and adjusted using a GDP per capita ratio.<sup>40</sup>

34 US Energy Information Administration, 2022: How much electricity does an American home use?  
35 US Environmental Protection Agency, 2023: How We Use Water.  
36 US Environmental Protection Agency, 2020: Advancing Sustainable Materials Management: 2018 Fact Sheet.  
US Census Bureau, 2022: Historical Households Tables.  
37 United States Environmental Protection Agency, Greenhouse Gas Emissions from a Typical Passenger Vehicle.  
38 CEIC, 2021: China electricity consumption per capita.  
39 CEIC, 2022: China Water Consumption: City: Daily Water Capita.  
40 Statista, 2022: Annual volume of municipal waste handled in China from 2015 to 2022.



# Summary of Impax strategies

## Environmental Markets strategies

- The **Impax Asian Environmental strategy** seeks to invest in companies providing solutions to resource scarcity and environmental pollution within the Asia-Pacific region. Investee companies must generate at least 20% of their revenues from sales of environmental products or services in the energy efficiency, renewable energy, water, waste or sustainable food markets.
- The **Impax Climate strategy** aims to generate long-term outperformance of global equities by investing in globally-listed companies enabling the mitigation of climate change, or adaptation to its consequences. Investee companies typically derive 50% or more of their revenues from activities aligned to Impax's Climate Opportunities Taxonomy.
- The **Impax Leaders strategy** seeks to invest globally in companies providing solutions to resource scarcity and environmental pollution. Investee companies must generate at least 20% of their revenues from sales of environmental products or services in the energy efficiency, renewable energy, water, waste or sustainable food markets.
- The **Impax Specialists strategy** seeks to invest globally in companies providing solutions to resource scarcity and environmental pollution. Investee companies must be 'pure plays' generating at least 50% of their revenues from sales of environmental products or services in the energy efficiency, renewable energy, water, waste or sustainable food markets.
- The **Impax US Environmental Leaders strategy** seeks to invest in US-listed companies that are developing innovative solutions to resource challenges. Investee companies must generate at least 20% of their revenues from sales of environmental products or services in environmental markets.
- The **Impax Water strategy** seeks to invest in a universe of companies addressing increasing water scarcity and ageing infrastructure issues across the globe. Eligible companies must generate at least 20% of their revenues from sales of water infrastructure solutions, water treatment products or water utilities.

## Core Equities strategies

- The **Impax Global Opportunities strategy** seeks to invest globally in companies possessing sustainable competitive advantages, across listed equities markets and sectors.
- The **Impax US Large Cap strategy** is an equities strategy that fully integrates analysis of sustainability risks and opportunities and invests in a portfolio of US listed companies that we believe have strong prospects and attractive valuations.
- The **Impax US Small Cap strategy** is an equities strategy that fully integrates analysis of sustainability risks and opportunities and invests in a portfolio of smaller US listed companies that we believe have strong prospects and attractive valuations.

## Sustainable Infrastructure strategies

- The **Impax Sustainable Infrastructure (Active) strategy** seeks to invest globally in companies that provide the resource, economic and social infrastructure essential for the transition to a more sustainable economy. Eligible companies must generate at least 20% of their revenues from providing access to vital resources or societal well-being.

## Social opportunities strategies

- The **Impax Sustainable Food strategy** seeks to invest in companies helping to address the sustainability challenges facing the food sector. Investments are made in companies that generate more than 20% of their revenues from sustainable food activities.
- The **Global Social Leaders strategy** seeks to invest in companies that offer strong corporate cultures and that provide products or services benefitting society.

## Fixed Income strategies

- The **Impax Core Plus Bond strategy** seeks to deliver current income and strong risk-adjusted total returns with a focus on capital preservation by investing in a diversified portfolio of fixed income holdings that are well-positioned to both minimise risks and benefit from opportunities arising from the transition to a more sustainable global economy.

For important risk information, please refer to “Key strategy risks” on pages 58 and 59.

For important risk information, please refer to “Key strategy risks” on pages 58 and 59.

We have reported on the GHG impact of investee companies' products and services since 2015. Please see the [Impax Climate Report 2024](#) for more information.





## Strategy data availability environmental impact metrics

KPIs estimated/disclosed by portfolio company as at 31 December 2023	Companies for which the KPI is relevant	Companies for which the KPI was available	Companies for which the KPI was estimated	KPI not relevant/ not available/ not estimated
Thematic equities: Environmental Markets				
Asian Environmental				
GHG emissions avoided	34	12	5	8
GHG emissions emitted	42	41	1	0
Materials recovered/waste treated	3	3	0	39
Renewable electricity generated	11	11	0	31
Water treated, saved or provided	4	1	0	38
Climate				
GHG emissions avoided	47	28	8	9
GHG emissions emitted	56	55	1	0
Materials recovered/waste treated	6	5	1	50
Renewable electricity generated	17	17	0	39
Water treated, saved or provided	15	10	4	41
Leaders				
GHG emissions avoided	42	19	6	4
GHG emissions emitted	46	46	0	0
Materials recovered/waste treated	4	4	0	42
Renewable electricity generated	13	13	0	33
Water treated, saved or provided	14	7	3	32
Specialists				
GHG emissions avoided	53	29	13	10
GHG emissions emitted	63	60	3	0
Materials recovered/waste treated	9	8	1	54
Renewable electricity generated	14	14	0	49
Water treated, saved or provided	18	10	4	45
Sustainable Food				
GHG emissions avoided	35	16	12	9
GHG emissions emitted	44	44	0	0
Healthy food produced	6	1	5	38
Materials recovered/waste treated	7	7	0	37
Renewable electricity generated	11	11	0	33
Water treated, saved or provided	10	4	5	34
US Environmental Leaders				
GHG emissions avoided	25	7	7	6
GHG emissions emitted	31	31	0	0
Materials recovered/waste treated	2	2	0	29
Renewable electricity generated	6	6	0	25
Water treated, saved or provided	9	4	1	22

KPIs estimated/disclosed by portfolio company as at 31 December 2023	Companies for which the KPI is relevant	Companies for which the KPI was available	Companies for which the KPI was estimated	KPI not relevant/ not available/ not estimated
Thematic equities: Environmental Markets, continued				
Water				
GHG emissions avoided	34	24	2	12
GHG emissions emitted	46	43	3	0
Materials recovered/waste treated	7	6	0	39
Renewable electricity generated	11	10	0	35
Water treated, saved or provided	46	20	4	0
Core Equities strategies				
Global Opportunities				
GHG emissions avoided	24	11	7	14
GHG emissions emitted	38	38	0	0
Materials recovered/waste treated	2	2	0	36
Renewable electricity generated	7	7	0	31
Water treated, saved or provided	4	0	3	34
US Large Cap				
GHG emissions avoided	30	10	5	23
GHG emissions emitted	53	52	1	0
Materials recovered/waste treated	0	0	0	53
Renewable electricity generated	9	9	0	44
Water treated, saved or provided	3	2	0	50
US Small Cap				
GHG emissions avoided	23	5	4	41
GHG emissions emitted	64	39	25	0
Materials recovered/waste treated	5	5	0	59
Renewable electricity generated	1	1	0	63
Water treated, saved or provided	4	1	2	60
Sustainable Infrastructure strategies				
Sustainable Infrastructure				
GHG emissions avoided	31	22	5	11
GHG emissions emitted	42	40	2	0
Materials recovered/waste treated	7	7	0	35
Renewable electricity generated	20	20	0	22
Water treated, saved or provided	13	10	1	29
Fixed Income strategies				
Core Plus Bond				
GHG emissions avoided	107	72	8	27
GHG emissions emitted	203	95	0	108
Materials recovered/waste treated	7	7	0	0
Renewable electricity generated	52	39	3	189
Water treated, saved or provided	18	13	2	3

Impax data as at 31 December 2023.





# Strategy summary, 2023 vs 2022

## Thematic equities: Environmental Markets strategies 2023 vs 2022

Based on US\$1mn invested, companies held in Impax strategies contributed to:

2023	Asian Env	Climate	Leaders	Special-ists	Sustain-able Food	US Leaders	Water
GHG emitted (tCO <sub>2</sub> e)	224	381	270	373	768	224	265
GHG avoided (tCO <sub>2</sub> e)	388	519	167	490	321	104	308
Total renewable electricity generated (MWh)	353	241	23	190	4	11	26
Total materials recovered/waste treated (tonnes)	7	97	104	13	48	50	118
Total water provided (megalitres)	0	17	11	5	0	3	33
Total water saved (megalitres)	0	43	0	10	87	0	47
Total water treated (megalitres)	0	11	44	26	0	47	156

2022	Asian Env	Climate	Leaders	Special-ists	Sustain-able Food	US Leaders	Water
GHG emitted (tCO <sub>2</sub> e)	441	373	345	363	805	283	328
GHG avoided (tCO <sub>2</sub> e)	573	608	218	472	286	159	330
Total renewable electricity generated (MWh)	346	189	52	127	50	16	31
Total materials recovered/waste treated (tonnes)	9	99	140	33	59	71	136
Total water provided (megalitres)	7	19	15	6	0	3	39
Total water saved (megalitres)	0	35	0	10	58	0	0
Total water treated (megalitres)	11	12	13	3	0	4	182

## Core equities strategies, 2023 vs 2022

Based on US\$1mn invested, companies held in Impax strategies contributed to:

2023	Global Opportunities	US Large Cap	US Small Cap
GHG emitted (tCO <sub>2</sub> e)	117	209	199
GHG avoided (tCO <sub>2</sub> e)	66	5	39

2022	Global Opportunities	US Large Cap	US Small Cap
GHG emitted (tCO <sub>2</sub> e)	153	204	120
GHG avoided (tCO <sub>2</sub> e)	78	29	39

## Sustainable Infrastructure strategies, 2023 vs 2022

Based on US\$1mn invested, companies held in Impax strategies contributed to:

2023	Sustainable Infra (Active)	2022	Sustainable Infra (Active)
GHG emitted (tCO <sub>2</sub> e)	285	GHG emitted (tCO <sub>2</sub> e)	299
GHG avoided (tCO <sub>2</sub> e)	232	GHG avoided (tCO <sub>2</sub> e)	220
Total renewable electricity generated (MWh)	168	Total renewable electricity generated (MWh)	168
Water treated, saved or provided (megalitres)	75	Water treated, saved or provided (megalitres)	117
Total materials recovered/waste treated (tonnes)	87	Total materials recovered/waste treated (tonnes)	122

## Fixed Income strategies, 2023 vs 2022

Based on US\$1mn invested, companies held in Impax strategies contributed to:

2023	Core Plus Bond	2022	Core Plus Bond
GHG emitted (tCO <sub>2</sub> e)	58	GHG emitted (tCO <sub>2</sub> e)	67
GHG avoided (tCO <sub>2</sub> e)	329	GHG avoided (tCO <sub>2</sub> e)	383
Affordable housing units financed	0	Affordable housing units financed	1
Student loans financed	0	Student loans financed	1

These figures refer to the past. Past performance is not a reliable indicator of future results.

Impax impact calculations for 2023 are based on strategy AUM and portfolio holdings as at 31 December 2023. Impax impact calculations for 2022 are based on strategy AUM and portfolio holdings as at 30 December 2022. Figures are based on Impax internal data.





# Third party review of impact data

## Independent Limited Assurance Report to Impax Asset Management

ERM Certification and Verification Services Limited (“ERM CVS”) was engaged by Impax Asset Management Limited (“Impax”) to provide limited assurance in relation to the selected information set out in Appendix A overleaf and presented in the Impax Impact Report 2024 – 625ldnh/w (CD4080) US (the “Report”).

Engagement summary	
Scope of our assurance engagement	Whether the data for the selected disclosures listed in Appendix A overleaf are fairly presented in the Report, in all material respects, in accordance with the reporting criteria.  Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Reporting period	Calendar year 2023 (1 January 2023 to 31 December 2023).
Reporting criteria	Impax’s Impact Methodology as described throughout the Report.
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board.  The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	Impax is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Report.  ERM CVS’ responsibility is to provide a conclusion to Impax on the agreed scope based on our engagement terms with Impax, the assurance activities performed and exercising our professional judgement.

### Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2023 data for the selected disclosures listed in Appendix A overleaf are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

### Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the selected information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected information;
- Interviewing management representatives responsible for reporting the selected information;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected information;
- Reviewing at corporate level a sample of qualitative and quantitative evidence supporting the reported information, which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Evaluating the conversion and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

### The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on individual companies within Impax’s investment holdings to provide relevant and accurate performance information. Our assurance activities did not include assessing or auditing any financial information relating to the value of Impax’s investments or individual holdings. It is important to understand our assurance conclusions in this context. Our work was undertaken virtually at Impax’s Head Office in the UK. We did not undertake source data verification at any of the individual companies within Impax’s investment holdings.

### Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Impax in any respect.



16 October 2024  
London, United Kingdom

ERM Certification and Verification Services Limited  
[www.ermcvs.com](http://www.ermcvs.com) | [post@ermcvs.com](mailto:post@ermcvs.com)





Appendix A: Selected Disclosures		
Strategy	Unit	Page
Environmental Markets Strategies		
Impax Leaders, US Environmental Leaders, Specialists, Climate, Asian Environmental, Sustainable Food, Water and Sustainable Infrastructure Strategies		
GHG emissions emitted (Scope 1, 2 and 3)	tCO <sub>2</sub> e per US\$1 million invested	52 & 53
GHG emissions avoided	tCO <sub>2</sub> e per US\$1 million invested	52 & 53
Total water treated, saved, or provided	megalitres per US\$1 million invested	52 & 53
Total renewable electricity generated	MWh per US\$1 million invested	52 & 53
Total materials recovered / waste treated	tonnes per US\$1 million invested	52 & 53
Social Leaders Strategy		
GHG emissions emitted (Scope 1, 2 and 3)	tCO <sub>2</sub> e per US\$1 million invested	52
GHG emissions avoided	tCO <sub>2</sub> e per US\$1 million invested	52
Number of individuals provided with access to essential financial services, p.a.	number	24
Number of patients treated and/or supported by healthcare services, p.a.	number	24
Healthy and nutritious food provided	tonnes per US\$1 million invested	24
Number of individuals digitally connected, p.a.	number	24
Sustainable Food Strategy		
Healthy and nutritious food provided	tonnes per US\$1 million invested	24
Sustainability Lens Strategies		
Impax Global Opportunities, US Large Cap, US Small Cap Strategies		
GHG emissions emitted (Scope 1, 2 and 3)	tCO <sub>2</sub> e per US\$1 million invested	53
GHG emissions avoided	tCO <sub>2</sub> e per US\$1 million invested	53
Impax Fixed Income Strategies		
Core Plus Bond Strategy with focus on Certified Green and Sustainability Bonds		
GHG emissions emitted (Scope 1, 2 and 3)	tCO <sub>2</sub> e per US\$1 million invested	53
GHG emissions avoided	tCO <sub>2</sub> e per US\$1 million invested	53
Affordable housing units financed	number of units per US\$1 million invested	53
Student loans financed	number of loans per US\$1 million invested	53



Appendix A: Selected Disclosures		
Strategy	Unit	Page
Private Markets		
Impax New Energy Strategy		
GHG emissions emitted (Scope 1, 2 and 3)	tCO <sub>2</sub> e per US\$1 million invested	53
GHG emissions avoided	tCO <sub>2</sub> e per US\$1 million invested	53
Total renewable electricity generated	MWh per US\$1 million invested	53





# Key strategy risks

Ref.	Risk	
a.	Market risk	Investments are subject to market fluctuations, so they can fall as well as rise in value and investors may not get back the amount invested.
b.	Currency risk	Fluctuation in exchange rates may reduce investment gains or income and increase losses. Additional risk should be considered where the fund's base currency differs from the currency of your own investments.
c.	Emerging market risk	Strategies proposing investments in newly established companies in the Asia Pacific Region carry additional risk, as companies may be dependent on (i) widespread adoption of their products and services and (ii) timely implementation of anticipated changes in local governmental policies; investments in companies in emerging markets or less developed countries in the region may face more political, economic or structural challenges than developed countries, putting your money at greater risk, and may be negatively impacted by changes in government policies, changes in taxation, restrictions in foreign investment and the movement of money from one country to another, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made.
d.	Liquidity risk	Substantial selling by shareholders may result in selling investments and incurring losses that would otherwise not have arisen.
e.	Investment risk	Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Impax. Funds may invest in Participatory Notes (an instrument that is similar to owning shares) which may expose investors to losses where the issuer of the Participatory Note becomes insolvent or defaults on their obligations.

Ref.	Risk	
f.	Sustainability risk	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 fund and all known types of risk of the fund. Sustainability risks may result in a material negative impact on the value of an investment and performance 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.
g.	Expenses charged to capital	Expenses may be charged to the capital of a fund in order to enhance distribution levels. This will have the effect of lowering the capital value of an investment in a fund.
h.	Substantial repurchases	Substantial repurchases by shareholders may necessitate liquidation of investments. It is possible that losses may be incurred due to such liquidations that might otherwise not have arisen.
i.	Temporary suspension	In certain circumstances investors' right to redeem or convert shares may be temporarily suspended.
j.	Dependence on the principals of the Investment Manager	The principals of the Investment Manager have authority to control the investment management process. If, for any reason, the Investment Manager were to lose the services of these individuals, funds might be adversely affected.
k.	Performance fee	If Performance Fees are paid to the Investment Manager, this may create an incentive for the Investment Manager to cause a fund to make investments that are riskier or more speculative than would be the case if there was no Performance Fee in place.
l.	Political or regulatory risks	The value of a fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions in foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made.
m.	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.
n.	Equities	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.
o.	Diversification	Diversification does not ensure against loss.



We believe that our impact reporting is a concrete demonstration that our investments are strongly aligned to companies benefiting from, and contributing to, the transition to a more sustainable economy.



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## Impact Report 2024

Measuring contributions  
to the transition to a more  
sustainable economy

### IMPAX ASSET MANAGEMENT

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