IMPAX Asset Management

Impax Sustainability Report 2026

June 2026

Impax Asset Management Group Plc ("Impax") Sustainability Report 2026 in line with the recommendations of the Taskforce on Climate-Related Financial Disclosures ("TCFD") and the Taskforce on Nature-Related Financial Disclosures ("TNFD") for the year ended 31 December 2025

IMPAX
Asset Management

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Foreword

Welcome to Impax's inaugural Sustainability Report. Building on last year's Climate Report, it provides an integrated account of how we manage sustainability-related risks and opportunities as part of our investment process and corporate operations.

As a specialist investor focused on the transition to a more sustainable economy, we have always been clear that our investment philosophy is grounded in economics, not ideology. Across active and systematic listed equities, fixed income and private markets, we invest with the conviction that understanding how sustainability-related risks and opportunities reshape markets is essential to delivering long-term, risk-adjusted returns for our clients. That conviction remains as relevant today as at any point since 1998, when Impax was founded.

Recent years have been marked by heightened political debate, short-term market cycles and scepticism around 'sustainable' investing. But these fluctuations do not change the underlying reality facing investors. The global economy continues to transition — driven by physical constraints, technological change, regulation, demographics and shifting consumer preferences. Climate change, resource scarcity, nature loss and deepening inequality are not narratives; they are material forces reshaping markets, influencing corporate cash flows, cost of capital and asset values.

It is in this context that Impax's approach – **guided by sustainability, driven by performance** – comes into sharp focus. Sustainability, as we apply it, is not about values-based investing; it is about identifying where risks are being mispriced, where business models lack resilience, and where companies are positioned to benefit from secular trends in the real economy. The pace of change may be uncertain, but the direction of travel isn't.

The scale of investment required to support the transition to a more sustainable, resilient economy is immense. Capital will continue to be deployed unevenly and sometimes inefficiently as economies adapt to climate impacts, tighter resource constraints, ageing or inadequate physical and social infrastructure. This creates both risk and opportunity. We believe investors who can connect structural change to company fundamentals will be well placed to navigate this environment, particularly those combining deep sector insight, disciplined bottom-up research and a longer time horizon.

Our investment process pairs rigorous financial analysis with forward-looking, detailed research of the structural forces driving the global transition to a more sustainable economy. These insights shape not only our investment decisions but also our stewardship and advocacy activities, particularly where systemic risks exist that cannot be addressed through diversification alone.

This Sustainability Report brings that philosophy together in one place, including our first set of disclosures in line with the Taskforce on Nature-related Financial Disclosures (TNFD), and reflects our focus on providing clear, decision-useful insights for clients and stakeholders.

Periods of market uncertainty often test conviction. But they also reinforce the value of investment approaches grounded in fundamentals and long-term thinking. Our belief is unchanged: investing through the lens of sustainability is not a constraint on risk-adjusted financial performance; it is integral to supporting stronger long-term outcomes.

Ian Simm
Founder & Chief Executive

Introduction

This is Impax Asset Management's first group-wide Sustainability Report, providing a consolidated view of how we identify, manage and monitor the material sustainability related risks and opportunities across our investments, with a focus on 2025.

It reflects an important evolution in our reporting architecture, providing a clearer, more integrated account of how sustainability considerations are embedded within our decision-making and how these elements work together to support long-term value creation for our clients.

At the heart of what it means for Impax to be 'guided by sustainability, driven by performance' is a sustainability approach underpinned by three critical components:

- **Insights:** top-down sector and activity level analysis of sustainability risks and opportunities to generate investment ideas, inform investment universe formation and taxonomies, and to continuously develop our proprietary sustainability methodologies and tools;
- **Integration:** granular, bottom-up assessment of the resilience of investee companies and issuers to a range of sustainability factors; and
- **Influence:** shaping the environment in which our clients' capital operates, through engagement with companies and issuers, along with advocacy to support systems-level change.

The report is structured around our four priority sustainability themes – Climate, Nature, People and Governance – and supersedes (and significantly broadens the scope of) the Climate Report that we have published for the past two years. We also highlight, within Section 1, our increasing focus on the sustainability risks and opportunities associated with Artificial Intelligence.

The Climate section (Section 2) includes detailed disclosures in line with the UK Financial Conduct Authority's (FCA) ESG Sourcebook requirements. Within this section we also spotlight the growing investment opportunity in climate adaptation solutions.

A key development in this report is the inclusion of our first set of nature-related disclosures aligned to TNFD recommendations as set out in Section 3, fulfilling our commitment as an early adopter to report by 2026. These include outputs from our dependencies and impacts analysis for listed investments, a new set of nature risk metrics, and a nature opportunities metric based on our proprietary Environmental Markets Taxonomy.[1]

This report also sets out key corporate sustainability activities, alongside those related to our investments. It covers our operational environmental footprint, our firm-wide progress on embedding an inclusive culture, and our contribution to the communities in which we operate.[2]

1 See page 60 for further details
2 Please note that, to align with our Annual Report, the Corporate Sustainability section covers the company's 2025 financial year (the 12-month period ending 30 September 2025)

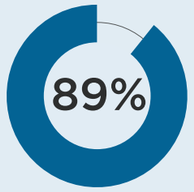
Sustainability highlights 2025

Investment sustainability

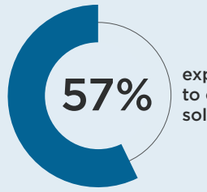
Climate

27%
engagements related to climate issues

We report in line with the TCFD recommendations for the third year.



portfolio transition aligned or aligning[3]



exposure to climate solutions[4]

Avoided emissions: active listed equities
165 tCO_2e
per US $1mn invested

Avoided emissions: private markets
22 tCO_2e
per US $1mn invested

Stewardship example
- Engaging with a German manufacturer of industrial equipment on Scope 3 emissions and science-based targets

Advocacy examples
- UK Net Zero Council & Transition Finance Council
- Corporate transition planning

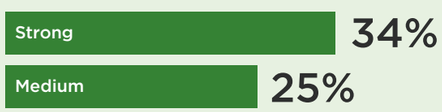
3 See page 41 for further details of this metric
4 See page 42 for further details of this metric

Nature

12%
engagements related to nature issues

This year we introduce our first TNFD-aligned nature reporting, fulfilling our commitment as an early adopter to reporting by 2026.

Exposure to nature solutions in Specialists strategy[5]



75%
of companies without a formal biodiversity policy

33%
exposure to priority locations

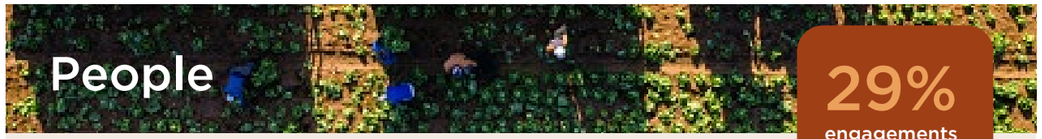
Stewardship example
- Engaging with a Swiss specialty chemicals company to enhance its assessment of nature-related dependencies, impacts, risks and opportunities

Advocacy example
- Tropical Forest Forever Facility (TFFF)

41% exposure to sectors with material nature-related dependencies and impacts

5 See page 70 for further details of this metric

People



29%
engagements related to people issues

This year, we introduce the disclosure of material people-related risks and opportunities.

Stewardship example
- Engaging with a North American bank on the evaluation and reporting of human capital management

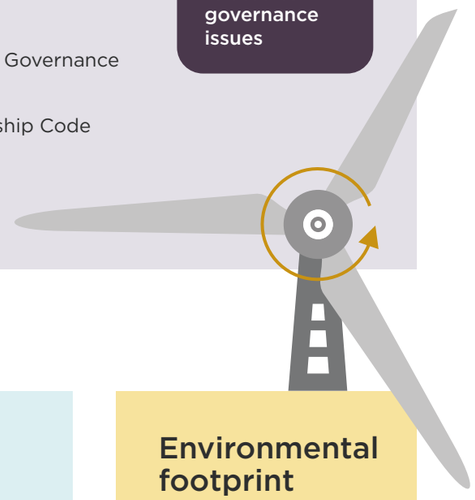
Advocacy examples
- Modern slavery regulation in Australia and New Zealand
- Forced labour import ban and migrant working protections in Taiwan

Governance

32%
engagements related to governance issues

Stewardship example
- Engaging with a Japanese manufacturer of industrial machinery, supplies and components to improve board independence and gender diversity

Advocacy examples
- Chinese Corporate Governance Code
- Japanese Stewardship Code



Corporate sustainability

In the community

~11,000 hours
of learning supported by Impax

~310 hours
of volunteering by colleagues

~£310,000
donated to charity by Impax during the Period

Environmental footprint

94%
electricity from renewables across Impax offices

Investment sustainability

Sustainability guides Impax's investment process, from sectoral and activity-level research through to company-level analysis and stewardship. As a specialist investor focused on the transition to a more sustainable economy, we believe superior returns can be generated by investors who better understand the associated opportunities and risks.

Section 1 sets out our approach to investment sustainability and the governance arrangements that underpin it. It is followed by individual sections on our four priority sustainability themes – Climate, Nature, People and Governance (see Section 1.4 on page 22 for more information on how we set these priorities) – each theme explored through the three pillars of our sustainability approach: Insight, Integration and Influence.

1. Our approach to investment sustainability

Our approach to investment sustainability consists of three pillars – Insights, Integration and Influence – as summarised in the graphic below. Together, these provide the framework through which we identify and manage sustainability-related risks and opportunities across our investments.

Pursuing strong, risk-adjusted investment returns through a focus on the transition to a more sustainable economy

Impax's approach to managing sustainability-related risks and opportunities

INSIGHTS

Researching new sustainability topics, generating ideas and shaping the investment universe

We identify sector-level risks and opportunities associated with the transition to a more sustainable economy to generate investment ideas and inform universe formation by carrying out research and applying proprietary tools (e.g. the Impax Sustainability Lens and thematic taxonomies).

Outcome
Investment insights and universe informed by sustainability and the transition to a more sustainable economy

INTEGRATION

Assessing company and issuer resilience

We integrate the resilience analysis of investee companies and issuers alongside financial analysis through detailed, proprietary analysis of governance, risk management, climate risks, human capital and controversies — tailored separately for listed equities and fixed income.

Outcome
Investment decisions grounded in rigorous company- and issuer-level analysis of material sustainability risk management

INFLUENCE

Driving change through stewardship and advocacy

We engage with companies and issuers to mitigate risk and enhance investor value. We also advocate for the systems-level change needed to unlock opportunities from the transition to a more sustainable economy and help address systemic risks.

Outcome
Active management of company-level and systemic risks and opportunities

At the heart of what it means to be 'guided by sustainability, driven by performance' is a sustainability approach underpinned by three critical components: Insights, Integration and Influence.

1.1 INSIGHTS

Researching new sustainability topics, generating ideas and shaping the investment universe

Listed investments

We perform an ongoing assessment at a sector and activity level to identify risks and opportunities associated with the transition to a more sustainable economy across industries and asset classes. This informs our view on the financial materiality of sustainability-related risks and opportunities, and provides us with the insight to inform investment universe formation. Further detail of the approach summarised below can be found in our Sustainable Investment Policy.

Listed equities

Across our listed equities investments, our key inputs are:

- **Sustainability Lens:** A proprietary tool used to identify and score long-term, sector-level sustainability risks and opportunities across the global economy.
- **Thematic Taxonomies:** Proprietary classifications that define investment universes for our active listed equities investments based on company revenues aligned to key themes:
  - **Climate:** Solutions contributing to mitigation of and adaptation to climate change
  - **Environmental Markets:** Solutions to environmental and resource efficiency challenges
  - **Social:** Opportunities driven by demographics and societal needs
  - **Sustainable Food:** Solutions reducing the environmental impact of agriculture, ensuring safe and nutritious food across the food value chain
  - **Sustainable Infrastructure:** Infrastructure supporting environmental and societal outcomes
  - **Water:** Companies offering products and services in the water value chain
- **Standards & norms screening:** Investments must align with international standards (e.g. UN Global Compact, OECD, International Labour Organization, UN Guiding Principles on Business and Human Rights). Companies in breach of these are excluded; potential issues are monitored and subject to engagement. Controversial weapons are excluded.
- **Fossil Fuel Policy:** Applied across all listed investments to manage and mitigate climate-related risks. See our policy.

Fixed income

For fixed income investments, we use a proprietary Fixed Income Sustainability Tier System. This classification system uses proprietary inputs, including the Impax Sustainability Lens, to help categorise each fixed income sector (activity) into one of five tiers based on alignment with the transition to a more sustainable economy, with a focus on sustainability-related risks.

Private markets investments

Our private markets strategy reflects a broad, integrated view of the energy transition. We seek out potential investment opportunities across generation, storage, networks and adjacent solutions required to meet evolving energy demand, which helps us to form the investment universe. Once we have identified a target, sustainability is embedded at the due diligence phase, assessing environmental and social risks and opportunities, alignment with our sustainable investment criteria, and key regulatory indicators. Understanding sustainability-related risks and opportunities is a key part of the analysis for our private markets business. This initial analysis is undertaken by the Transaction team and presented to the Investment Committee as part of the due diligence process.

Identifying and prioritising sustainability themes

In addition to determining the financial materiality of sustainability issues using our proprietary sustainability tools outlined above (e.g. the Sustainability Lens), we monitor market developments and emerging sustainability issues on an ongoing basis. Together, these have determined our key sustainability themes. These themes – which are reviewed annually – are a useful way of organising our sustainable investment research, stewardship and advocacy activities, and our sustainability reporting.

Identification of emerging sustainability issues

Identify emerging sustainability topics or focus areas for investors and other market participants

Financial materiality

Materiality of the sustainability theme to the financial performance of our investments, leveraging Impax's proprietary sustainability tools

Climate

Net-zero transition planning

Increasing resilience to physical climate risks

Nature

Nature-related dependencies and impacts

Tackling deforestation

People

Corporate culture

Human rights

Governance

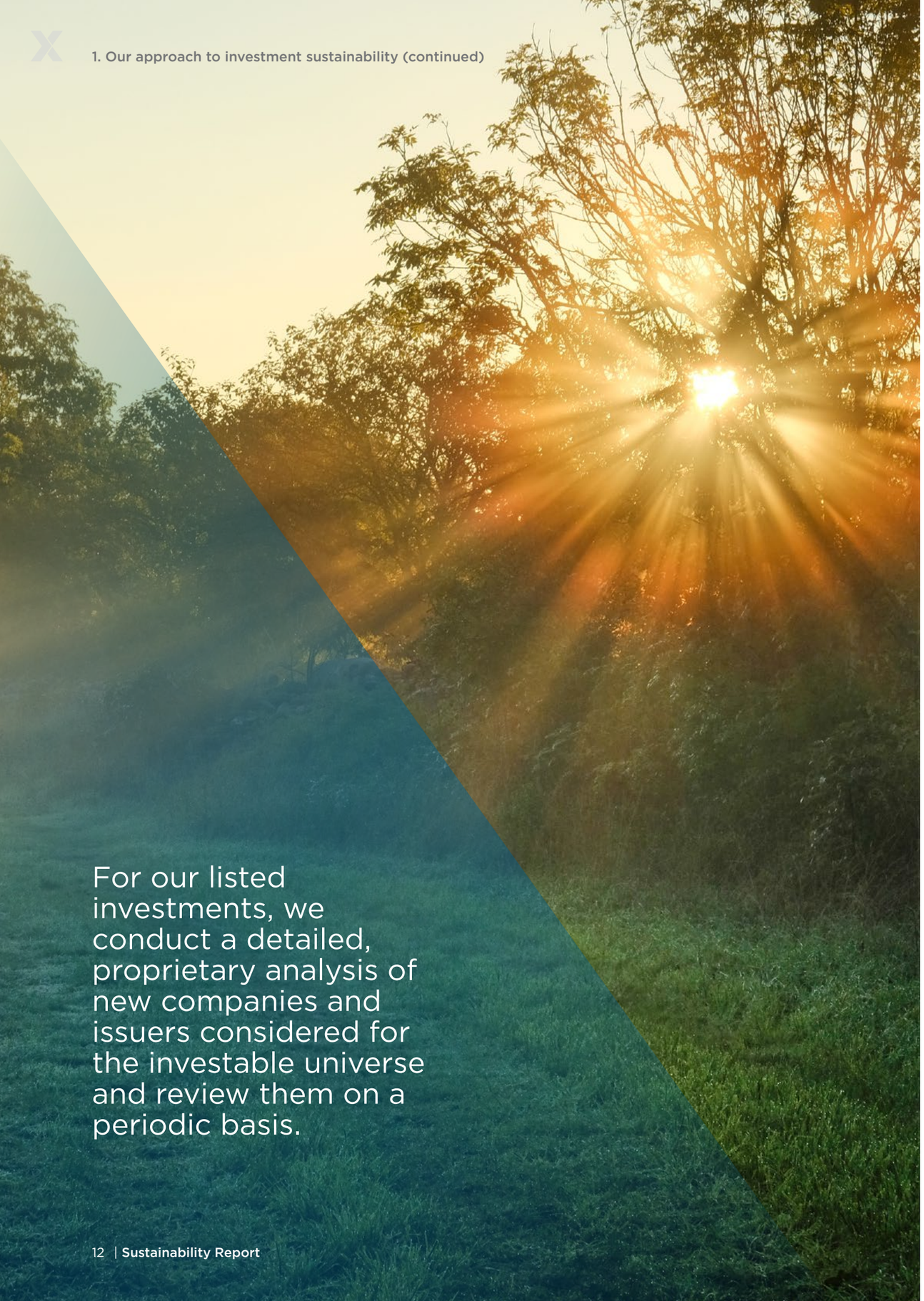
Board composition and structure

Executive compensation

AI governance

Sustainable finance

In addition to the above themes relating to our investments, we actively participate in advocacy activities relating to sustainable finance, focusing on sustainability reporting and product labeling.



For our listed investments, we conduct a detailed, proprietary analysis of new companies and issuers considered for the investable universe and review them on a periodic basis.

1.2 INTEGRATION

Assessing company and issuer resilience

Listed investments

For our listed investments, we conduct a detailed, proprietary analysis of new companies and issuers considered for the investable universe and review them on a periodic basis. We call this our Corporate and Issuer Resilience Analysis, covering active listed equities, systematic listed equities and fixed income. Further detail of this approach for listed investments can be found in our Sustainable Investment Policy.

Active listed equities

We assess companies across five pillars:

1. **Corporate governance:** Evaluation of governance structures, including board composition, remuneration, shareholder rights, internal controls and oversight of sustainability.
2. **Material sustainability risks:** Identification of the most financially material environmental and social risks – such as resource use, biodiversity, pollution, supply chains, product liabilities and bribery – assessing whether these are effectively managed through robust policies and systems.
3. **Climate change:** Assessment of preparedness for both transition and physical risks, including strategy, targets, performance and disclosures relating to climate and net-zero alignment.
4. **Human capital and inclusive culture:** Evaluation of diversity, equity and inclusion, alongside broader human capital management, including workforce practices, remuneration, talent development and employee engagement.
5. **Controversies:** Analysis of past and ongoing controversies, considering severity, frequency and company response, with a focus on the strength of systems to address and prevent recurrence.

Systematic listed equities

We have developed two proprietary quantitative frameworks to assess Corporate Resilience within our systematic strategies. These have been integrated into portfolio construction through optimisation tools that manage risk relative to benchmarks and apply targeted tilts based on sustainability metrics and third-party sustainability data alongside financial factors.

1. **Impax Gender Leadership Score:** A proprietary framework used for our Global Women's Leadership strategy for assessing gender leadership factors, used to determine portfolio constituents and weights in seeking to capture returns associated with diversity and women's leadership.
2. **Impax Systematic Corporate Resilience Rating:** A relative ranking framework assessing companies' management and performance on material sustainability issues, used to inform portfolio construction and weighting in systematic strategies.

Fixed income

We use our proprietary fixed income analytical methodology to identify environmental, social and governance issues that have the potential to affect credit quality, with an emphasis on risk management. The key sustainability indicators (KSIs) and scoring framework used in this research and analysis are important components of Impax's proprietary and repeatable fixed income investment process.

Private markets

Throughout the investment lifecycle of an asset, we actively engage with portfolio companies and projects to promote responsible practices, support the development of tailored strategies, and monitor performance against relevant metrics specific to each asset to enhance investment resilience.

1.3 INFLUENCE

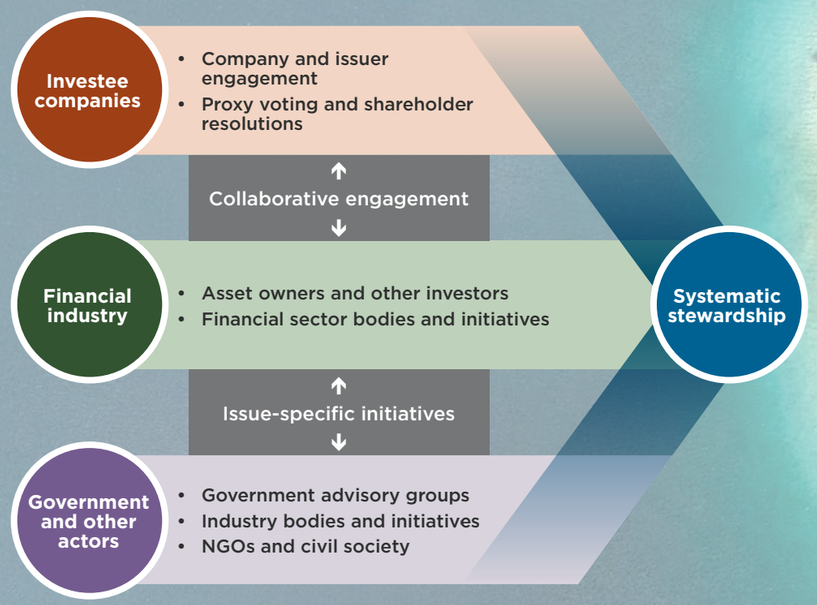
Driving change through stewardship and advocacy

Our holistic approach to stewardship

We believe that the material sustainability-related risks impacting our investments can often be reduced through focused, well-structured stewardship and advocacy activities. Our levers for accelerating change and addressing risks within the real economy range from company-specific engagements and industry collaborations to policy advocacy initiatives aimed at addressing systemic risks.

In addition to using each lever individually, we increasingly deploy systematic stewardship, where we combine company and issuer engagement with policy advocacy to address challenging systemic risks by driving systems-level change. This holistic approach to stewardship is summarised in the graphic below, which captures both the stakeholders with whom we engage and the core channels through which we do so.

Further details of our approach to stewardship and advocacy can be found in our 2026 Stewardship & Advocacy Report.



Channels of engagement

As well as direct dialogues with companies, clients, government and civil society, we use:

- **Collaborative engagement:** Net Zero Engagement Initiative, Nature Action 100
- **Financial sector bodies and initiatives:** ACGA, Ceres, IA, IIGCC, PRI, UKSIF
- I**ssue-specific initiatives:** CFRF, ETC, GFANZ, IAST, IPDD
- **Government advisory groups:** UK Net Zero Council
- **Industry bodies and initiatives:** CBI, SMI, WBA

See page 102 for details of these memberships

Stewardship

We engage with companies and issuers to:

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

Engagements are prioritised based on the urgency and materiality of risks and issues uncovered among investee companies, the overall size of holdings, as well as through the identification of material sustainability themes. Engagement is conducted by the relevant investment team members and the Sustainability Centre as part of regular meetings with company management teams or through targeted dialogue.

Engagement is embedded within the investment decision-making process. Monthly Investment Committee meetings have a standing agenda item to continuously inform and discuss stewardship issues across listed investments. Regular portfolio review meetings are meanwhile a forum for discussing company-specific stewardship priorities and issues at the portfolio and strategy level, between lead analysts, portfolio managers and the Sustainability Centre.

Proxy voting-driven engagements, both before and after companies' annual meetings, accompany dialogue with our investees throughout the year to discuss governance, sustainability processes and disclosures.

Fixed income engagement

Within fixed income, Impax strategies invest in issuers that the team believes appropriately manage material risks arising from the transition to a more sustainable economy. In this context, engagement is an important tool in monitoring and managing risk, and for influencing, encouraging and supporting investee issuers to develop enhanced structures, processes and disclosures.

There are similar drivers for engagement sourcing and prioritisation in fixed income, as for equities: engagements can be bottom-up, company and issuer-specific, top-down, based on themes, collaborative with other investors and/or organisations as well as systematic, combining policy advocacy and issuer-specific engagements.

There are two fixed income-specific engagement priorities:[6]

- Issuer-specific risks – as identified within our proprietary Issuer Resilience analysis (especially among those issuers with weaker internal sustainability scores)
- Sector-specific risks – 'Tier 4' issuers (that operate within hard-to-transition sectors, such as the mining and metals, utilities, and food and beverage sectors) as identified through Impax's Sustainability Tiering Systems

In 2025, most of our fixed income engagements focused on issuers in hard-to-transition sectors. We also actively participated in the formation of the Interfaith Center for Corporate Responsibility's (ICCR) bondholder engagement working group with peers and continued engaging with capital markets teams and issuers on outcome bonds.

6 For more detail on the Impax Fixed Income Sustainability Framework: Investment Sustainability & Stewardship - Impax Asset Management

Private markets engagement

As part of our private markets investment process, we engage with investee companies, our joint venture partners and other external stakeholders, including suppliers, sub-contractors and local communities.

Our private markets funds typically hold majority stakes in renewable power generation and related assets with control rights, enabling the team to establish robust corporate governance structures and exercise active oversight through board representation and reserved matters.

After acquisition, we work closely with portfolio companies to implement business plans and address any sustainability-related issues in line with Impax's standards.

Advocacy

Alongside company and issuer engagement, we undertake advocacy activities to facilitate the systems-level change needed to unlock opportunities arising from the transition to a more sustainable economy and, in doing so, to help address risks.

We gather insights from investors and policymakers to inform our priorities, and we use direct policy engagement, collaboration through industry memberships and thought leadership to help strengthen the policy frameworks and market standards that support the transition.

Key channels for our advocacy work

Direct engagement with clients

We regularly engage with other investors to share sustainability-related insights on emerging risks, opportunities and market trends. These insights are delivered through reporting, thought leadership, meetings and tailored briefings.

Engagement with investors through industry memberships

We work with other investors through active roles in committees and working groups, helping to shape industry-wide policy positions, advance market practice and contribute to consultation responses and sign-on initiatives. The tables on pages 18 and 19 outline our current memberships, tiered by our level of contribution and aligned to our priority themes.

Direct engagement with policymakers and regulators

As well as responding directly to consultations on the design and implementation of public policy, we frequently meet with policymakers and regulators bilaterally and through industry associations. We strive to influence policy outcomes that support the growth of markets in solutions to environmental and social challenges.

Sustainability-related thought leadership, reporting and events

For many years, we have published reports, blogs and opinion pieces to raise awareness of sustainability-related issues and the transition to a more sustainable economy, while showcasing our expertise. We also co-author thought leadership with specialist organisations, academic partners and clients. In addition, we regularly host, sponsor and speak at sustainability-related events and forums, often invited as a subject matter expert through our broad network of member organisations.

Key Climate · Nature · People · Governance · Sustainable Finance

Amplifying our voice through membership roles

Impax works collaboratively with other investors to shape the markets needed for the transition to a more sustainable economy. Our current memberships are set out in Appendix 1 (page 102) of this report, in which they are tiered according to our contribution to each membership and mapped to our sustainability themes.

The table opposite sets out illustrative examples of where Impax staff are undertake leadership roles (e.g. as board members or chairs of working groups) or play active roles (e.g. members of working groups) within membership organisations.

	Illustrative examples of membership organisations and roles	Geographic remit of membership organisation
 **Lisa Beauvilain** Co-Head of Impax Sustainability Centre, Global Head of Sustainability & Stewardship	IFRS Sustainability Reference Group	Global
 **Chris Dodwell** Co-Head of Impax Sustainability Centre, Global Head of Policy & Advocacy	IIGCC – Co-Chair of UK Policy Working Group; Policy Advisory Group member	Europe
	IPDD – Co-Chair of Consumer Countries Working Group	Global
	Transition Finance Council – Pathways, Policy & Governance Working Group member	Europe
	UK-China Green Finance Taskforce – Transition Finance Working Group member	Asia/Europe
 **Ed Farrington** President, North America	US SIF – Board member	North America
 **Greg Hasevlat** Head of Sustainability & Stewardship, Fixed Income	ICCR –Member of the Bondholder Engagement Working Group	North America
 **Darren Johnson** Global Chief Operating Officer	Inclusion in Finance (formerly 'The Diversity Project') – Board Director	Europe
 **Nana Li** Head of Sustainability & Stewardship, Asia-Pacific	ACGA – Chair of China Working Group	Asia
	PRI – Global Policy Reference Group member	Global
	IFRS Sustainability Reference Group - Member	Global
 **Robyn Lockyer** Co-Head of Stewardship	IIGCC – Net Zero Engagement Initiative member; Stewardship Working Group member	Europe
 **Lucas Penfold** Head of Sustainability Reporting	IIGCC – Co-Chair of EU Policy Working Group	Europe
	UKSIF – Policy Committee member	Europe
	IA – Sustainability & Responsible Investment Committee member	Europe
 **Ian Simm** Founder & Chief Executive	IIGCC – Board member	Europe
	CBI – Chair of Energy Transition Committee	Europe
	UK Net Zero Council – Council member	Europe
	SMI – Project lead (Extreme Weather Risk)	Europe
 **Heather Smith** Co-Head of Stewardship	Council of Institutional Investors – Member of Corporate Governance Advisory Council	North America
 **Shahbano Soomro** Sustainable Investment Research & Strategy	CBI – Chair of Sustainable Finance Working Group	Europe
	SMI – Project lead (Extreme Weather Risk)	Europe
	USSIF – Policy Working Group member	North America
	Ceres – Policy Working Group member	North America
 **Stuart White** Executive Director, Business Development	Inclusion in Finance (formerly 'The Diversity Project') – Board Director	Europe
	Asset Owner Diversity Charter – Advisory Board Member	Europe

AI as an emerging sustainability theme – our approach

Artificial intelligence (AI) is emerging as a general-purpose technology that is reshaping industries, accelerating scientific discovery and creating new opportunities, while also amplifying risks.

For sustainability-focused investors, the upside is significant. The IEA estimates that AI-enabled optimisation can reduce energy costs in heavy industry by 3% to 10%, while advances in areas such as drug development and weather forecasting are already delivering benefits.[7]

However, these gains are not without trade-offs. The rapid expansion of AI infrastructure is driving rising electricity demand, and its growing economy-wide deployment is elevating risks – from hallucinations and algorithmic bias to cybersecurity and workforce disruption – making them increasingly material for companies and investors alike.

We assess how AI may shape sustainability outcomes across the investment process, from sector research and thematic classification to company-level analysis and engagement and internal capability-building.

7 IEA, 2026: Key Questions on Energy and AI

Identifying risks and opportunities

We integrate emerging AI risks and opportunities into our proprietary Sustainability Lens, which assesses all GICS sub-industries against nine risks and eight opportunities. Quarterly reviews identify forward-looking sector disruptions, guiding research priorities and deeper analysis.

Recent work has examined AI's role in improving resource efficiency and addressing healthcare challenges, alongside rising cybersecurity risks in sectors such as utilities and financials. Over the past year, we assessed AI impacts across all 160 sub-industries, identifying those most exposed to disruption and using this materiality mapping to inform targeted company engagement.

Calculating thematic revenues from AI supply chains

Because AI creates both sustainability benefits and costs, we apply careful judgement when determining which parts of the AI value chain may qualify as environmental or social solutions within our thematic taxonomies. We have developed proprietary methods to assess when AI-related revenues align with these objectives.

For AI infrastructure, we use a bottom-up environmental framework mapping the full stack – from chip design and fabrication to accelerators, memory, data centres and dematerialisation software – applying peer-relative efficiency thresholds at chip and facility levels. This produces an estimate of environmental markets eligible revenue as a share of total revenue.

Engaging with companies to effectively oversee and manage risks

In 2025, our engagement focused on strengthening governance to overseeing AI-related risks and opportunities. We prioritised companies where AI could heighten product liability, algorithmic bias or cybersecurity risks. This covered dialogues with companies across software, recruitment, research and consulting, engineering and construction, telecoms and healthcare equipment.

Our engagements focused on three core expectations:

- **Robust AI governance processes**, including clear board oversight, use of a cross-functional oversight committee to review AI use and a protocol for identifying and escalating high-risk use cases
- **Transparent use of AI**, including disclosure of company AI policy and principles, including how they are applied and integrated into company strategy
- **Firm-wide training and education**, with training tailored to roles and responsibilities and board-level AI training as a minimum requirement

Building capacity across teams

Managing AI-related risks also depends on strong internal capability and cross-functional understanding. Impax's Sustainability Centre supports this through training for investment and client teams that builds practical expertise and supports consistent assessment across the firm.

Future priorities

Looking ahead, we will deepen our focus on AI company engagement – particularly around algorithmic bias and exploring the relationship between AI deployment and corporate culture. We are also considering how best to engage with policy developments in this area. In parallel, we are developing more systematic tools to screen companies for indicators of AI governance, which we believe will strengthen our ability to identify where risks and opportunities are most material and to prioritise engagement accordingly.

1.4 Governance of sustainability

Within this section, we outline how we have embedded sustainability-related issues, risks and opportunities within our governance structures and organisational arrangements, including board oversight and the role of management and internal committees in assessing and managing sustainability-related risks and opportunities.[8]

The Impax Sustainability Centre acts as a centre of excellence providing knowledge, tools and expertise on the transition to a more sustainable economy to investment teams and partners.

This allows us to meet the growing expectations of clients, regulators and other stakeholders. It also enables us to maintain our strong position in dealing with the rapidly expanding range and depth of sustainability issues.

The Impax Sustainability Centre is led by Co-Heads Lisa Beauvilain (Global Head of Sustainability & Stewardship) and Chris Dodwell (Global Head of Policy & Advocacy) who share management responsibilities and report directly into the company's Chief Executive, Ian Simm.

Providing sustainability knowledge, tools and expertise

Investment sustainability & stewardship

- Research opportunities and risks related to the transition to a sustainable economy
- Corporate and issuer resilience analysis
- Sustainability and policy insights
- Engagement and proxy voting

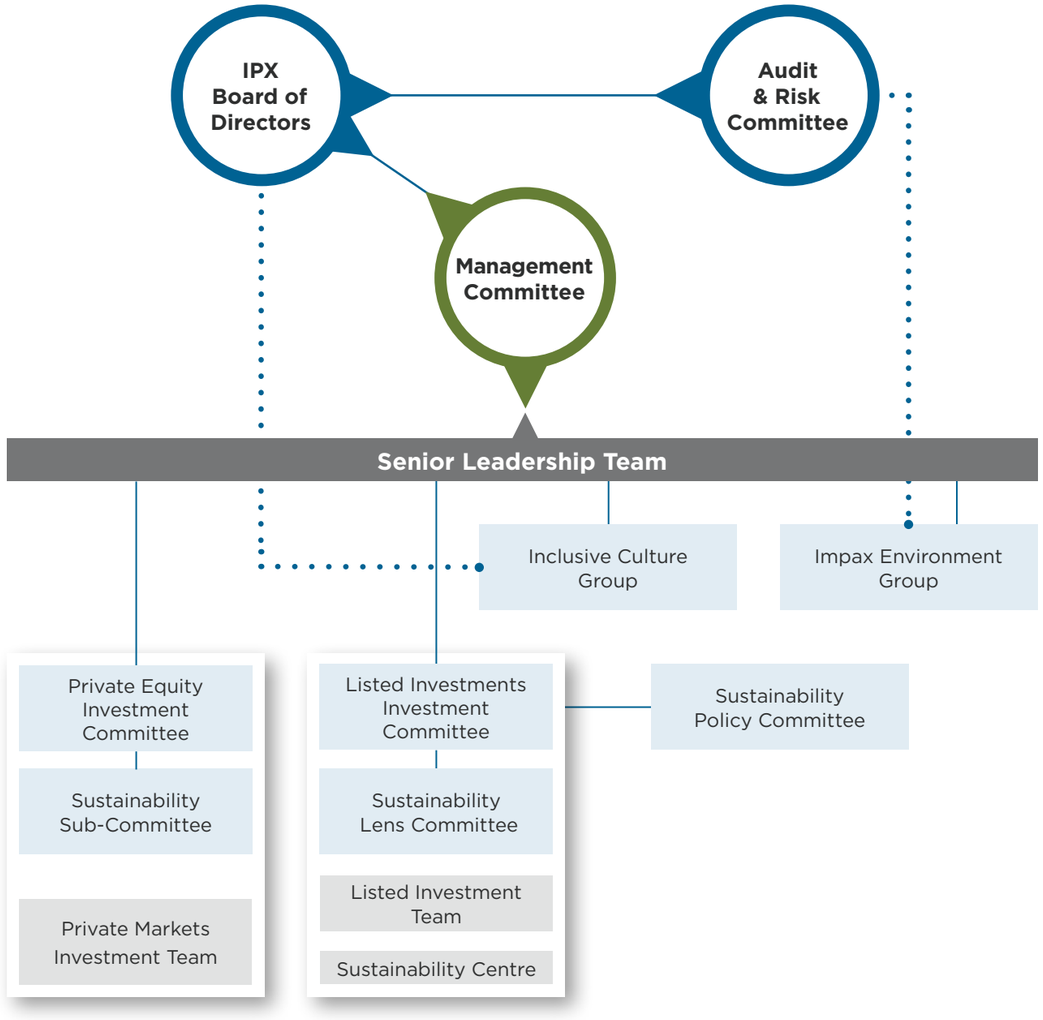
Client advisory, reporting & advocacy

- Client advice and partnerships
- Sustainability reporting
- Published thought leadership
- Policy advocacy
- Industry organisations and initiatives

8 This section of the report implements the UK FCA's climate-related entity-level disclosure requirements under the ESG Sourcebook. Please note that we have also published a separate report for Impax Asset Management Limited ("IAML"), the in-scope entity. The IAML report largely crossreferences this group-level report. Appendix 2 includes a mapping of the content within this section to the TCFD recommendations, which is the framework referenced in the FCA's climate-related disclosure requirements within the ESG Sourcebook.

> The Sustainability Centre acts as a centre of excellence providing knowledge, tools and expertise on the transition to a more sustainable economy.

The governance chart below illustrates the oversight of the key sustainability committees and groups that provide oversight functions for the Impax Sustainability Centre and its activities.



Dotted line denotes observer role of the Chair of Audit & Risk Committee on Environment Group, and the Board observer role on the Inclusive Culture Group.

Board oversight

The Board is responsible for governing and overseeing Impax's strategy and providing an oversight, control and monitoring role of its operations and risks. In this function, the Board also oversees investment and sustainability-related risks and opportunities.

The key elements of this approach are as follows:

- The Audit & Risk Committee ("ARC"), which is comprised of independent Non-Executive Directors of the Board, is responsible for the oversight of audit and risk management across Impax, including climate and sustainability risk management, on behalf of the Board. ARC is supported by the Enterprise Risk Committee, which is responsible for oversight of risk management across each of the company's regulated entities.
- The Board discusses sustainability-related issues as part of wider discussions at periodic meetings when the topics arise, and at least annually as part of its review of risk appetite statements.
- The senior management team – which, through the Management Committee and the Chief Executive, reports to the Board and Board Committees – is responsible for managing and monitoring sustainability-related risks and opportunities.

Audit & Risk Committee

Committee details	**Chair:** Non-Executive Director (Annette Wilson) **Membership:** Non-Executive Directors
Committee description	The Committee assists the Chief Executive in designing, facilitating and overseeing the actions necessary to deliver Impax's business plan. The Committee meets monthly.

Management oversight

The key features of how management oversees sustainability-related issues are as follows:

- Senior management, specifically the Management Committee, is responsible for the management and monitoring of sustainability-related risks and opportunities.
- Although not a standing agenda item, sustainability-related risks are discussed as part of wider discussions at monthly Management Committee meetings and at Senior Leadership Team meetings (every two months), as and when there are new environmental policies or targets to discuss and approve, for instance.
- Specialists across the firm are responsible for identifying sustainability-related risks at a sector and thematic level via dedicated committees, most notably the Sustainability Lens Committee and the Sustainability Policy Committee.
- The Private Markets division has its own Investment Committee and Sub-Committee for discussing sustainability matters.
- The Impax Sustainability Centre oversees and supports the integration of sustainability within the investment process and the management of sustainability-related risks, both via the investment teams and specialist committees.

Name	Committee details	Committee description
Management Committee	**Chair:** Founder & Chief Executive **Membership:** Impax senior executives	The Committee assists the Chief Executive in designing, facilitating and overseeing the actions necessary to deliver Impax's business plan. The Committee meets monthly.
Listed Investments Investment Committee	**Chair:** Chief Investment Officer (Listed Equities) **Membership:** Impax investment teams	The Committee oversees investment activities, investment performance and risk management, and regularly addresses climate-related issues. The Committee meets every fortnight.
Sustainability Lens Committee	**Chair:** Chief Investment Officer (Listed Equities) and Global Head of Sustainability & Stewardship **Membership:** Impax's leading sustainability experts	The Committee assesses emerging issues, risks and opportunities, and their consequences for the Impax Sustainability Lens and for various economic activities. Outcomes and decisions from the meeting are reported at the Investment Committee meeting. The Committee meets every quarter.
Sustainability Policy Committee	**Chair:** President, North America **Membership:** Impax staff, including legal and compliance representatives	The Committee oversees, reviews and approves Impax's sustainability and stewardship-related policies and positions. Significant policy developments are reported to the Investment Committee. The Committee meets as required.
Environment Group	**Chair:** Vice President of Systematic Strategies and Co-Head of Stewardship **Membership:** Impax staff, with a Board observer	The Group is responsible for measuring, monitoring and reporting on Impax's operational environmental and climate performance, as well as proposing firm-level environmental and climate policies, management systems and targets. It reports to the Management Committee and provides an annual update to the Board. The Group meets every quarter.
PE/Infrastructure Investment Committee	**Chair:** Founder & Chief Executive **Membership:** Head of the Private Equity (PE) Team, Head of the Transaction Team (PE); Head of Asset Management & Sustainability (PE), with an independent observer, Two independent, non-voting members who have held senior management positions in the infrastructure sector.	The Committee approves all investments and divestment proposals for the Impax New Energy Investors Funds. The Committee ensures that all investment decisions are made in compliance with the relevant Fund's investment policy, Limited Partnership Agreement and investor side letter. The PE Team's Head of Sustainability is an observer on the Investment Committee, responsible for ensuring that investment decisions comply with the policies and other relevant rules and regulations relating to sustainability topics, including climate. The Committee meets as required.
PE/Infrastructure Sub-Committee focusing on sustainability topics	**Chair:** Head of Asset Management & Sustainability (PE) **Membership:** Representatives from the PE Team (Technical and the Head of the Team), Compliance, Legal and Sustainability Centre	The Sub-Committee discusses relevant topics, including climate, and is responsible for governing PE/Infrastructure policies on sustainability topics. The Committee meets every six months.
Inclusive Culture Group	**Chair:** Head of Stewardship and Head of Communications **Membership:** Impax Staff, with a Board observer	The Inclusive Culture Group is responsible for Impax's equity, diversity and inclusion strategy and reports regularly to the Senior Leadership Team and the Board. Non-Executive Director sponsor. The Inclusive Culture Group meets quarterly to align on ideas, actions and progress, and to communicate feedback from colleagues.

2. Climate

We embed both physical and transition climate risks throughout our investment process by assessing how climate change may affect the operations, value chains and long-term financial performance of our investee companies and issuers. This includes assessing exposure to extreme weather events, supply chain disruption and broader physical impacts – while also evaluating transition risks arising from policy shifts, technological change and evolving market expectations.

Structure of this section

This section of the report implements the UK FCA's climate-related entity-level disclosure requirements under the ESG Sourcebook. Section 1.4 of this report implements the FCA's requirements to disclose the governance arrangements we have in place to oversee climate-related risks and opportunities. Please note that we have also published a separate report for Impax Asset Management Limited ("IAML"), the in-scope entity. The IAML report largely cross-references this group-level report. Appendix 2 includes a mapping of the content within this section to the TCFD recommendations, which is the framework referenced in the FCA's climate-related disclosure requirements within the ESG Sourcebook.

This section of the report sets out where our climate-specific approach goes beyond the framework described in Section 1 by each pillar of our sustainability approach – Insights, Integration, and Influence.

- Under **Insights**, we set out our material climate-related risks and opportunities, in line with the TCFD Strategy disclosures. We also outline how we use our proprietary Climate Taxonomy to support investment universe formation.
- Under **Integration**, we describe how we evaluate climate-related transition and physical risks at a company and issuer-level through our Corporate and Issuer Resilience Analysis.
- Under **Influence**, we report on our climate-related stewardship and advocacy during 2025.

In addition, and in line with our previous Climate Reports, we have included a series of metrics covering both climate-related risks, opportunities and impacts. This includes mandatory metrics required under the FCA's rules, as well as our reporting on progress against our 2030 net-zero target.

Our net zero target

In 2021, we set a net-zero target for all active listed equity and private markets strategies to be invested in 'transition-aligned' or 'transition-aligning' companies by 2030, with at least 50% already 'transition-aligned' by that date, under the Net Zero Asset Managers (NZAM) initiative.

We have reaffirmed our commitment to the NZAM initiative, reflecting our view that effective management of climate-related financial risks is central to delivering resilient, long-term value for clients. The updated NZAM Commitment Statement sets out a clear and transparent approach, focused on targeted investment, robust governance and policy engagement to support the objectives of the Paris Agreement. We continue to value NZAM's role in elevating climate risk across the investment community and driving collective action across the global economy.

The three categories that underpin our net-zero target are as follows:

- **'Transition aligned'** and climate resilient management processes of investee companies include:
  1. Robust sector-relevant near- and long-term greenhouse gas (GHG) reduction targets to a net-zero pathway (externally verified by, for example, the Science Based Targets initiative (SBTi));
  2. Management strategies and processes that enable climate and GHG target achievement (for example, climate-linked management compensation, board oversight, internal carbon pricing, scenario analysis); and
  3. Credible action plans providing detail on how a company achieves targets via its business activities, products and services, policies, value chain engagement, and capital expenditure (capex).
- **'Transition aligning'** companies have initiated climate risk management processes and have respective commitments in place, but do not have a clear action plan and have weaker management strategies in place to achieve those commitments.
- **'Non-aligned'** companies are those not aligned to a climate resilient net-zero pathway, have not initiated climate risk management processes, or have climate risk management processes that are significantly underdeveloped.

2.1 INSIGHTS

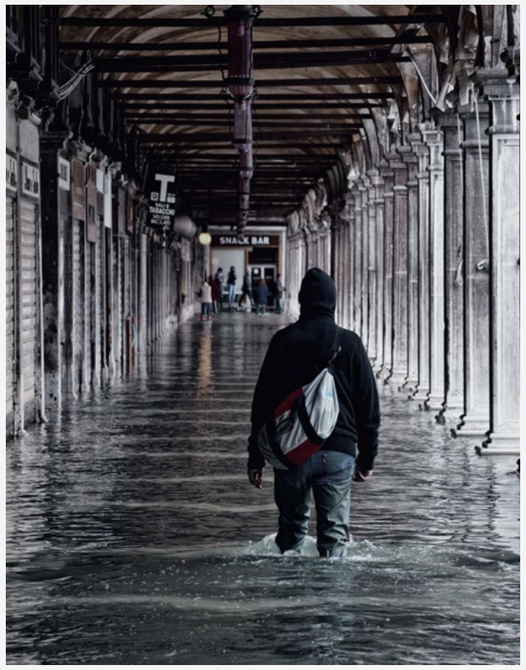
Researching new sustainability topics, generating ideas and shaping the investment universe

Climate-related risks and opportunities

We use our sustainability tools such as the Sustainability Lens to inform our evaluation of climate-related risks and opportunities affecting our investments. Through this process, as well as the use of scenario analysis, we have identified a set of material risks and opportunities, set out below. We outline whether these risks and opportunities impact on Impax or our investee companies, the time horizon over which the risk and opportunities could materialise, and our assessment of the severity of the impact on our business.

Climate risk has been formally recorded in our key risk register, making it subject to independent oversight and assurance from the Enterprise Risk Committee. This committee reports into the Audit & Risk Committee, which is comprised of independent Non-Executive Directors of the Board. (See Section 1.3 for details on board oversight of sustainability risk management.) Two operational climate-related risks are defined: first, physical risks to Impax operations; and second, risks arising from any failure to appropriately integrate climate risk into investment decisions. Both are monitored and measured through the incident management process.

Climate-related scenario analysis



Scenario analysis is central to how we assess the resilience of our portfolios and business strategy in the face of an uncertain and rapidly evolving climate landscape. We use scenarios to help inform the identification of material climate-related risks and opportunities, focusing on those risks and opportunities that are relevant across a range of credible scenarios rather than seeking to align to one specific aspirational pathway.

The scenarios we used to inform the identification of climate-related risks and opportunities are the Intergovernmental Panel on Climate Change ("IPCC") scenarios ("SSP1-1.9", "SSP2-4.5", "SSP3-7.0")[9], as well as the University of Exeter's 'No Time to Lose' narrative-based pathways.

9 World Climate Research Programme, 2024: Coupled Model Intercomparison Project and the IPCC. CMIP6 is the latest phase of collaboration under the Coupled Model Intercomparison Project (CMIP). CMIP6 climate model data provide the foundation for the IPCC's Sixth Assessment Reports.

Material climate-related risks

The table below illustrates our material climate-related risks, including both transition (split into policy, market and reputational) and physical (split into acute and chronic).

We recognise that the likelihood of a disorderly and slower transition continues to be highly probable, with higher levels of policy uncertainty, trade protectionism and escalated geopolitical tensions expected to remain over the next five years.

Over 2025, we reviewed the risks disclosed in previous Climate Reports as well as our assessment of their impacts. We concluded that the majority of our findings remained relevant and consistent today. One material change was increasing the impact of extreme weather events to 'High' to reflect growing evidence that climate-driven weather events are escalating in frequency and severity, remain systematically underpriced by markets, and so pose a more immediate threat to asset values and portfolio stability than previously recognised.

Category	Risk	Impacted party	Time horizon	Assessment of impact on Impax[10]
Policy	Increasing uncertainty around climate policies with countries slowing or reversing ambition	Investee companies	0-5 years	Medium
	Increase in trade protectionism across environmental solutions disrupts supply chains	Investee companies	0-5 years	Medium
Market	Demand for lower carbon technologies rises slower than anticipated due to less supportive macroeconomic and microeconomic conditions	Investee companies	0-10 years	Medium
Reputational	Performance is negative affected by the challenges facing the climate transition and scale-up of environmental solutions	Impax	0-5 years	High
Acute & chronic events	Extreme weather events (droughts, flooding, wildfires) negatively impact infrastructure	Investee companies	0-15 years	High

Material climate-related opportunities

Category	Opportunity	Impacted party	Time horizon	Assessment of impact on Impax[10]
Policy	Climate policies increase with a focus on green industrial policy and local manufacturing of climate solutions	Investee companies	0-10 years	Medium
Technology	Continued innovation makes low-carbon technologies cheaper than incumbents, spurring adoption	Investee companies	0-15 years	Medium
Market	Consumers place an increasing value on sustainable consumption	Investee companies	5-10 years	Medium
Reputational	Greenwashing concerns and market volatility increase demand for specialist investors with a track record investing in environmental solutions	Impax	0-10 years	High
Acute & chronic events	Extreme weather events increase demand for adaptation solutions across multiple sectors (e.g. agriculture, healthcare, insurance)	Investee companies	0-15 years	High

10 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which a risk can be mitigated or an opportunity realised

Impax's Climate Taxonomy

In addition to the Sustainability Lens (see Section 1), a key tool we use to provide insights to support investment universe formation for our active listed equities investments is our proprietary Climate Taxonomy.

For investors, climate change introduces two core categories of risk. First, **transition risk** which includes regulatory risk, the risk of litigation, reputational risks, and possible loss of competitiveness as the world moves closer to a low-carbon economy. Second, **physical risk** which stems from rising occurrence and severity of natural disasters caused by climate change, and the direct and indirect impacts of on assets, operations, and supply chains worldwide.

At the same time, these risks give rise to a substantial opportunity set, which we look to capture through our Climate Opportunities Taxonomy. This framework defines a dedicated investment universe focused on companies providing solutions to challenges arising from climate change. It is structured around two pillars:

- **Mitigation** includes businesses that reduce or GHG emissions, for instance through renewable energy, resource efficiency and sustainable agriculture.
- **Adaptation** focuses on solutions that help societies and companies to prepare for, respond to, and recover from the acute and chronic physical impacts of climate change, for instance resilient infrastructure, water treatment, and reinsurance.

Classification of the Impax Climate Opportunities Taxonomy

Mitigation

- Alternative energy
- Energy management & efficiency
- Transport solutions
- Sustainable food & agriculture
- Resource efficiency & waste management
- Other mitigation solutions

Adaptation

- Energy systems resilience
- Water supply resilience
- Agriculture, aquaculture & forestry resilience
- Other infrastructure resilience
- Information & communications
- Financial services & insurance
- Healthcare
- Other adaptation services

The 'Climate Opportunities 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").

Spotlight

Climate adaptation solutions

Climate change has stopped being a forward-looking risk. Heatwaves, floods, droughts and storms are intensifying and impacting balance sheets of companies today. Mitigation remains essential but, on its own, it is no longer enough.

A parallel agenda has moved to the centre of the global policy conversation: adaptation and resilience to climate change. The vocabulary is by now well established and can be anchored in activities happening at three different stages of the adaptation and resilience lifecycle: **preparation, response** and **recovery**.

PREPARATION

Examples include:

- Resilient grids and energy storage
- Water distribution infrastructure
- Flood defences and resilient buildings

RESPONSE

Examples include:

- Business-continuity and emergency management software
- Mobile storage and cold-chain solutions
- Disease surveillance and rapid testing

RECOVERY

Examples include:

- Reconstruction to higher resilience standards
- Environmental testing and advisory
- Capital that funds the rebuild

We put this into practice by investing in companies providing adaptation solutions – underpinned by the Adaptation pillar of our proprietary Climate Opportunities Taxonomy, which contains seven sectors. For further details on how we consider climate adaptation solutions, please see 'Climate adaptation is no longer tomorrow's investment opportunity'.

Adaptation sector	Solution areas	Lifecycle stage	Example activities
Energy Systems Resilience	Grid hardening, distributed energy, backup power	Preparation Response Recovery	Resilient cabling, battery storage, microgrid controllers, UPS systems
Water Supply Resilience	Flood defence, drought-resistant infrastructure, water treatment	Preparation Response Recovery	Coastal defence systems, desalination, advanced filtration, precision irrigation
Agriculture & Forestry Resilience	Climate-resilient genetics, adaptive farming	Preparation	Heat/drought-tolerant seeds, sustainable aquaculture, precision agriculture technology
Infrastructure Resilience	Resilient buildings, climate-proofed transport	Preparation Recovery	Low-carbon construction materials, bridge and dam reinforcement, green buildings
Information Communication	Weather monitoring, supply chain analytics, business continuity	Preparation Response Recovery	Satellite forecasting, predictive modelling, smart working solutions
Financial Services	Climate risk transfer, resilience financing	Preparation Response Recovery	Reinsurance, parametric insurance, climate-focused infrastructure investment
Healthcare	Climate-linked disease prevention, heat resilience	Preparation Response	Vector-borne disease diagnostics, heat-related treatment, infectious disease monitoring

2.2 INTEGRATION

Assessing company and issuer resilience

The key components of our approach to assessing climate-related transition and physical risks and the management of these risks for specific investee companies and issuers across our investments are set out below.

Transition risks

For our listed investments, we assess companies' management of transition risks by evaluating the extent to which firms set robust, sector-relevant, externally verified targets, supported by clear management strategies and credible action plans for delivery (see the 'NZAM alignment categories' on page 27 for detail on our approach to tiering companies into transition aligned, aligning and non-aligned).

As described in Section 2.4 (from page 40), we maintain a proprietary model to assess our investee companies' exposure to carbon risk. We use this analysis to identify specific companies with high exposure to transition risks, which has informed engagement priorities to encourage improved management of those risks.

In our private markets investments, having considered transition risks during the due diligence phase, mitigation measures may be implemented in an investee company's bespoke sustainability strategy.

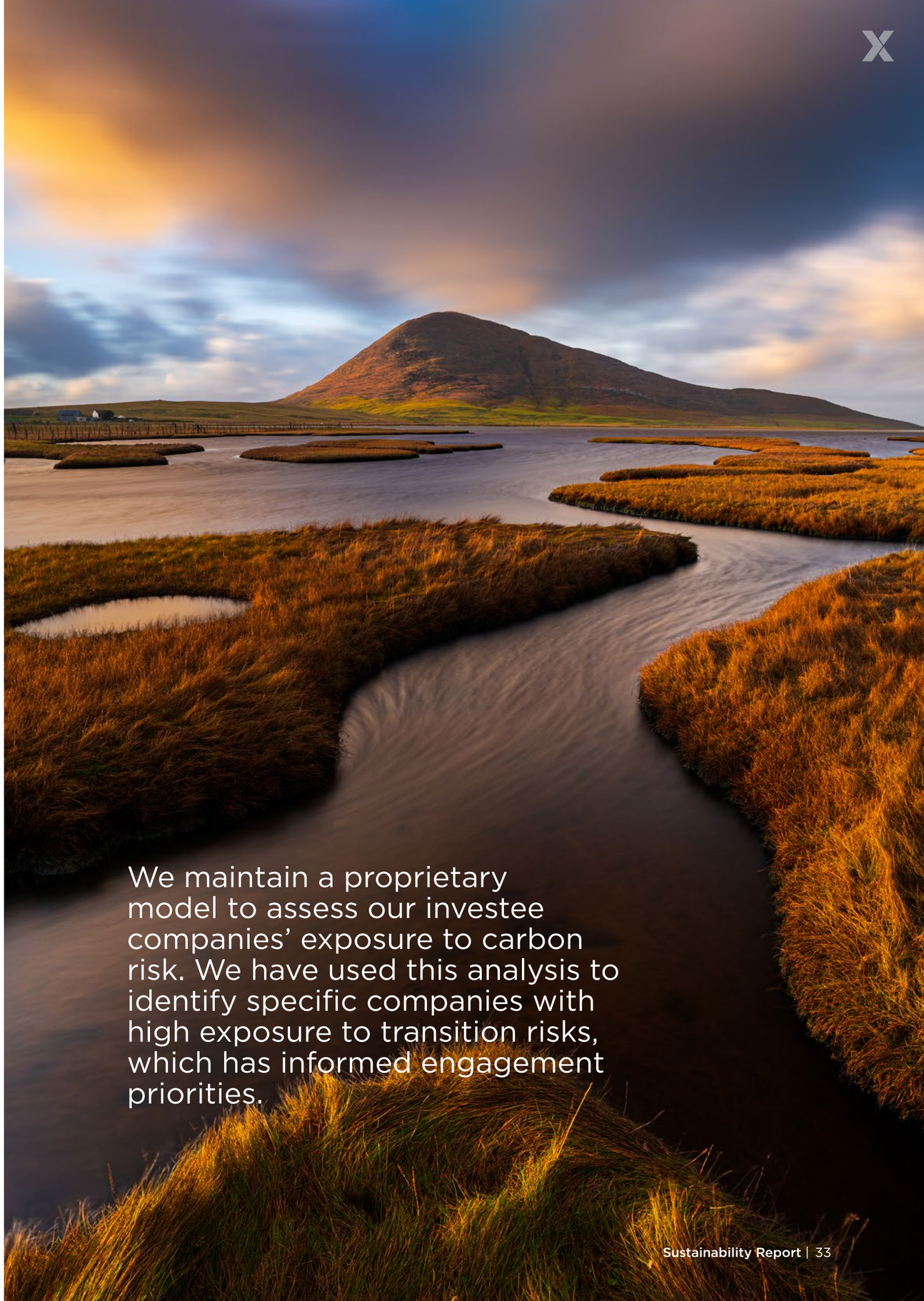
Physical risks

We assess companies' management of physical risks by evaluating several factors, including:

- Transparency of disclosures on material risks faced across the value chain, and the proportion of critical asset locations exposed to material physical risks
- Comprehensive, forward-looking risk assessment undertaken using scenario analysis, ideally quantifying financial impacts from physical climate risks with consideration of high-emission scenarios
- Risk management processes, including level of board and executive oversight and clear operational tracking mechanisms to ensure risks are identified and proactively minimised
- Adaptation action plans, which identify resilience and adaptation measures either planned or taken to address acute and chronic risks

For both our active listed equities and private markets investments, we have used scenario analysis to assess our investee companies' exposure to acute physical risks (see Section 2.4 for details).

Our assessment tool is used to flag companies facing elevated physical risks to inform additional examination of that risk and our engagement work.



2.3 INFLUENCE

Driving change through stewardship and advocacy

We use stewardship and advocacy to help us manage the climate-related risks and opportunities we are exposed to through our investments. During 2025, our climate-related stewardship and advocacy priorities for listed investments were:

- Net-zero transition planning
- Increasing resilience to physical climate risks

Stewardship

Through engagement, we aim to help investee companies and issuers improve their climate risk management and strengthen their resilience, while recognising that systemic climate risks cannot be addressed by our actions alone.

27%
of engagements in 2025 focused on Climate

ENGAGEMENTS BY SUB-THEME

76%
Net zero transition planning

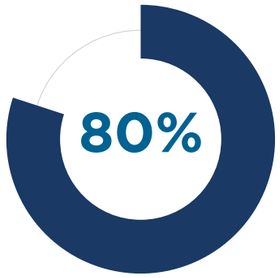
- **45%** Target-setting
- **28%** Emissions disclosure
- **19%** Scope 3 emissions
- **8%** Landfill methane

24%
Increasing resilience to physical climate risks

Voting support for eligible shareholder proposals on climate themes

Climate

Transition plan reporting; emissions reduction targets; Scope 3 disclosures



Below is an illustrative example of a climate-related company engagement undertaken during 2025 for our listed investments. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY

Company engaged

Rational

A manufacturer of industrial kitchen equipment.

Engagement type

Individual

Objectives

- Disclose Scope 3 emissions
- Set science-based emissions reduction targets

Activities

We have been engaging with Rational, a German-listed manufacturer of industrial kitchen equipment, since 2020. In 2025, we met with the new Head of ESG & Risk Management in relation to the two objectives above.

Progress and outcomes

Rational has made a clear step-change in sustainability and climate risk management, supported by new ESG governance, its first double materiality assessment identifying climate as a priority, and science aligned 2030 Scope 1 and 2 targets with a net zero ambition for 2050.

Climate is now more firmly embedded in strategy through sustainability key performance indicators (KPIs) accounting for 25% of executive long-term incentive plan (LTIP) compensation, alongside a stronger focus on Scope 3 emissions, including extensive product carbon footprinting, customer training to improve energy efficiency, and engagement with over 200 suppliers.

We also provided feedback on strengthening disclosure and transparency, including the company's KPI dashboard.

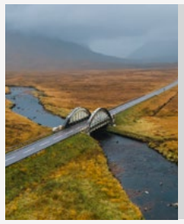
Advocacy

Tackling climate-related risks at the scale and pace required not only demands company-level action but also fundamental shifts in policy, market infrastructure and capital flows. We engage with policymakers and convene stakeholders across the financial sector to help shape the systems-level solutions needed to reduce emissions, support an orderly transition to a lower-carbon economy and strengthen resilience to unavoidable climate impacts.

In 2025, our advocacy prioritised real-economy policy frameworks that accelerate decarbonisation while addressing the growing need for climate adaptation and resilience. We engaged governments and multilateral institutions on policy frameworks for high-emitting sectors and promoted the integration of physical climate risks into regulatory standards and market practice. Alongside the case studies below, we led the Sustainable Markets Initiative's (SMI) Extreme Weather Risk project and developed standards for adaptation-inclusive transition plans through the Climate Financial Risk Forum (CFRF).

Below, we set out two illustrative examples of climate-related advocacy initiatives we undertook during 2025. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY



Advocacy initiative

National transition planning: UK Net Zero Council & Transition Finance Council

Objectives
Develop credible, financeable sector transition plans (STPs) co-created by business, investors and government to mobilise the capital necessary to achieve the UK's climate goals by providing long-term policy stability, mapping investment needs across the capital stack and addressing barriers to investment.

Activities
During 2025, we worked with both the Net Zero Council (NZC) and the Transition Finance Council (TFC) to improve coordination and alignment on their work on sectoral transition plans; in parallel, as IIGCC UK Policy Working Group chair, we encouraged publication of an investor-led assessment of the UK's Clean Power 2030 Action Plan.

Progress and outcomes
The TFC's *Sector Transition Plans: The Finance Playbook* (published September 2025) set out the importance and core components of robust finance plans for STPs; this framework was incorporated into the NZC's Sector Transition Plan Guidance in October 2025, and in March 2026 the two bodies merged their working groups into a single sub-group focused on delivering finance plans for the UK's STP programme.

Next steps focus on driving investor adoption of the STP framework through the merged NZC/TFC implementation workstream, while promoting international uptake of the UK's collaborative, finance-aligned approach as a model for mobilising capital to support the delivery of Nationally Determined Contributions (NDCs) to lower global GHG emissions.

CASE STUDY

Advocacy initiative

Corporate transition planning: systematic stewardship in action

Objectives
Advance corporate adoption of credible transition plans by combining investor engagement with investee companies and policy advocacy to shape disclosure frameworks. The goal is to promote decision-useful, forward-looking climate transition plans that enhance corporate resilience, support capital allocation, and enable investors to assess alignment with climate goals.

Activities
In 2025, we focused our thematic engagement with companies on the quality of transition plans including how to integrate climate strategy into business models, capital allocation, governance and value chains. In parallel, we have shaped transition plan disclosure standards through policy advocacy, including responding to the UK's 2025 consultation, and contributed thought leadership with publication of a blog highlighting the importance of scenario-based, forward-looking and resilience-focused transition plans.

Progress and outcomes
The Transition Plan Taskforce (TPT) Disclosure Framework has emerged as the global benchmark for transition plan reporting, with its integration into IFRS S2 in June 2024 reducing fragmentation and improving reporting consistency. The UK government's 2025 consultation reflected these investor-led expectations and proposed mandatory, 1.5°C-aligned transition plan disclosures for major UK companies and financial institutions, though outcomes were still pending as of April 2026.

At the company level, our 2025 engagements also showed progress, with over half of engaged companies making measurable improvements in transition planning.

Next steps focus on monitoring the global implementation of mandatory transition plan requirements, deepening corporate engagement on plan quality, and promoting international consistency through engagement with standard setters, while more systematically integrating transition plan assessment into investment decision making and stewardship to support long-term value creation.

Thought leadership and events

Highlights of our climate-related thought-leadership and events during 2025 included:

- Insights: Climate transition plans: a blueprint for corporate resilience
- Insights: Denying climate causality won't alter the rapidly changing investment landscape
- Insights: It's the economy, stupid: capturing the potential of climate-related investment opportunities
- 12 events during London Climate Action Week
- 16 events during New York Climate Week

Our climate action plan

Over the coming years we plan to strengthen how we act on the risks and opportunities a changing climate presents, building on the approach already embedded across our investment process. The ten actions set out below are organised, broadly, around the Insights, Integration and Influence framework that structures our wider approach to sustainable investing. Many contribute across more than one of these areas, and the first action, a review of our net-zero target, is cross-cutting and underpins the rest.

We have not yet published a standalone climate transition plan, but the components of credible transition planning set out in the guidance from the Transition Plan Taskforce are already embedded in our business strategy. The review of our net-zero target is the next step in this work, and we will set out a fuller articulation of our approach as the supporting analysis matures and the regulatory framework settles further.

Cross-cutting

1. **Review our net-zero target**, which currently runs until 2030 and is used to inform our assessment of company resilience. This will include consideration of what our target might address beyond 2030, including the asset classes covered (noting our current target covers our active listed equities and private markets investments) and the extent to which physical climate risk and climate adaptation should be explicitly incorporated.

   Timeframe: by end 2027

Insights

2. **Embed adaptation insight** by applying the Climate Taxonomy's adaptation sub-sectors and the Sustainability Lens to identify and size company revenue from climate resilience solutions, and to expand our coverage of these sub-sectors as the opportunity set grows.

   Timeframe: 2026 onwards

3. **Advance research on emerging technologies**, including environmental solutions, AI and enabling infrastructure, to identify material climate-related risks, dependencies and long-term opportunities.

   Timeframe: 2026 onwards

Integration

4. **Integrate green capex data** to improve forward-looking resilience analysis of the exposure of companies and issuers to transition risks and opportunities, as well as identify new companies that could become leaders in the climate transition.

   Timeframe: 2026 onwards

5. **Strengthen physical climate risk assessment** by integrating specialist physical risk data to support bottom-up analysis of hazard exposure, financial impacts and company preparedness within our Corporate and Issuer Resilience Analysis.

   Timeframe: 2026 onwards

Influence

6. **Engage companies on credible transition planning**, prioritising high impact sectors and regions, including Asia, and supporting the development of robust, decision-useful transition plans.

   Timeframe: 2026-2030

7. **Target voting action at non-aligned companies** where governance oversight or climate risk management is insufficient.

   Timeframe: 2026-2030

8. **Strengthen collective investor influence through collaborative net-zero engagements**, including continued participation in the IIGCC's Net Zero Engagement Initiative, to align expectations and accelerate credible transition outcomes.

   Timeframe: 2026-2030

9. **Deepen work with investee companies and issuers to assess their exposure to physical climate risks and encourage the adoption of resilience measures** – such as enhanced risk management, adaptation planning and strengthened operational safeguards – to improve long-term performance and stability.

   Timeframe: 2026 onwards

10. **Advocate for stable policy frameworks** supporting coherent national and corporate transition planning and enabling conditions that scale investment in climate adaptation.

    Timeframe: 2026 onwards

2.4 Climate-related metrics

We report on a series of metrics to monitor how we manage climate-related risks and opportunities across our investments. These have historically been reported in our Group Climate Report. We also report on climate-related metrics at the corporate level, covering our own operations, which are covered in the Corporate Sustainability section of this report (from page 88).

The table below sets out the climate-related metrics we report on, as well as the use cases for those metrics (including, where relevant, the pillar of our sustainability approach the metric is used to inform):

Metric	Unit	Use cases
Net-zero target (NZAM): Transition alignment – aligned & aligning / non-aligned	% AUM	• Monitoring progress towards NZAM target • Prioritising companies for engagement • Input into Corporate Resilience Analysis
Exposure to 'climate solutions'	% AUM	• Input into universe formation • Client reporting
Avoided GHG emissions	tCO_2e / US$1mn invested	• Input into universe formation • Impact measurement • Client reporting
Financed emissions	Various	• Regulatory compliance • Client reporting
Exposure to carbon risk	% portfolio AUM	• Input into Corporate Resilience Analysis • Prioritising companies for engagement
Exposure to physical risks	% portfolio AUM	• Input into Corporate Resilience Analysis • Prioritising companies for engagement

Financing the transition

Net-zero target – transition alignment

Context

Our NZAM commitment covers all actively managed listed equities and private markets investments, representing 75% of AUM (US$24.5bn) as at 31 December 2025. The remainder comprises systematic listed equities strategies, advisory accounts, fixed income issuers and cash, where transition alignment analysis is incomplete or methodologies are not yet available.

Alongside tracking levels of non-aligned AUM, we monitor non-aligned companies for stewardship purposes. Three years on from our baseline assessment, higher levels of non-alignment persist among smaller companies and those based in Asia, reflecting generally less mature climate risk management and disclosure practices, despite gradual overall improvement. Portfolio level results may also vary in the short term due to portfolio construction and turnover.

Data

The distribution of AUM covered by the NZAM commitment ("Committed AUM") invested in transition 'aligned', 'aligning' and 'non-aligned' categories, as at 31 December 2025, stood at:

Net zero transition alignment	Unit	2025	2024	2023	2022	2021*
Aligned and aligning	Share of Committed AUM	**89%**	91%	92%	92%	92%
Non-aligned	Share of Committed AUM	**11%**	9%	8%	8%	8%

*Baseline
Source: Impax analysis, as at 31 December 2025. Please note that figures for the years 2021-2024 are as reported in our 2025 Climate Report.

Commentary on data

The 2025 assessment shows a reduction in the share of Committed AUM classified as 'aligned & aligning' to 89%, with 11% assessed as 'non aligned'. This change reflects the application of our updated NZAM methodology, in line with best practice industry guidance from the IIGCC's NZIF 2.0, which places greater emphasis on the credibility of companies' forward-looking transition plans, particularly in sub-industries with highly material climate exposure. Under this more stringent approach, some holdings previously classified as 'aligning' no longer meet our expectations for ambition, implementation or risk management and are now assessed as 'non-aligned'. Alongside this, the change can be attributed to changes in portfolio composition, as assets were reallocated towards strategies that have a higher weighting assessed as 'non-aligned'.

Investments in climate solutions

Context

As part of our commitment to the climate transition, we report on the level of our investment in 'climate solutions'. To be classified as climate solutions under our proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences.

Data

	2025	2024	2023
Committed AUM invested in climate solutions	**57%**	47%	48%

Source: Impax calculations, as at 31 December 2025.

Commentary on data

As at 31 December 2025, 57% of Impax's Committed AUM was invested in climate solutions provided by investee companies held in our active listed equities strategies and private market assets, representing around US$14.0bn. The percentage of our AUM invested in climate solutions has increased materially year-on-year (47% in 2024). The increase can be attributed primarily to changes in portfolio composition: strategies with higher exposure to climate solutions now form a higher proportion of total AUM.

Avoided GHG emissions

Context

We view 'avoided emissions' as a useful way of measuring the real-world impact of climate solutions, capturing the benefits of products or services that either replace higher-emitting alternatives or deliver incremental efficiency gains.

Data

Avoided GHG emissions	Unit	2025	2024	2023
Active listed equities	tCO_2e / US$1mn invested	**165**	170	230
Private markets	tCO_2e / US$1mn invested	**22**	28	86

Source: Impax analysis, as at 31 December 2025. Note that the private markets figures relate to assets owned by the private markets funds as at 31 December 2025. This excludes assets which have been exited over the course of the Period. Please note that figures for the year 2023 and 2024 are as reported in our 2025 Climate Report.

Commentary on data

Avoided emissions for active listed equities investments declined compared to 2024, driven by portfolio changes. For private markets, lower avoided emissions in 2025 reflect several successful asset exits during the year.

Financed emissions – GHG emissions, total carbon footprint and WACI

Context

For active and systematic listed equities strategies, Scope 1, 2 and 3, and total GHG emissions show the absolute emissions attributable to Impax's investments (tCO_2e).[11] Total carbon footprint normalises these emissions by market value (tCO_2e per US$1mn invested), while Weighted Average Carbon Intensity (WACI) measures exposure to carbon-intensive companies (tCO_2e per US$1mn revenue).

In private markets, emissions data collection is now well established. We report construction phase supply chain emissions (actual data collected and estimates) in line with the GHG Protocol.

For fixed income strategies, absolute Scope 1, 2 and 3 emissions are attributed based on ownership share for equities and Enterprise Value Including Cash (EVIC) for bonds. Carbon footprint is normalised by EVIC (tCO_2e per US$1mn invested), while WACI (Scope 1, 2) measures emissions intensity per US$1mn of sales.

Data

Active listed equities

Metric	Unit	2025	2024	2023
Scope 1 & 2 emissions	Million tCO_2e	**1.2**	1.8	2.7
Scope 3 emissions	Million tCO_2e	**5.5**	8.7	8.4
Total GHG emissions (Scope 1, 2 & 3)	Million tCO_2e	**6.7**	10.5	11.2
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	**238**	273	246
WACI (Scope 1&2)	tCO_2e / US$1mn revenue	**116**	97	120

Source: Impax analysis, as at 31 December 2025. Impax have gathered all underlying GHG emissions data disclosed by investee companies, estimating Scope 1 and 2 emissions where those are not reported. Estimates are not used for Scope 3 emissions. Please note that figures for the year 2023 and 2024 are as reported in our 2025 Climate Report.

Systematic listed equities

Metric	Unit	2025	2024	2023
Scope 1 & 2 emissions	Thousand tCO_2e	**67**	85	135
Scope 3 emissions	Thousand tCO_2e	**1,047**	752	728
Total GHG emissions (Scope 1, 2 & 3)	Thousand tCO_2e	**1,114**	837	863
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	**24**	37	57
WACI (Scope 1&2)	tCO_2e / US$1mn invested	**50**	63	81

Source: Impax analysis incorporating data sourced from MSCI, as at 31 December 2025. Please note that figures for the year 2023 and 2024 are as reported in our 2025 Climate Report.

Fixed income

Metric	Unit	2025	2024
Scope 1 & 2 emissions	Thousand tCO_2e	**403**	84
Scope 3 emissions	Thousand tCO_2e	**2,323**	571
Total GHG emissions (Scope 1, 2 & 3)	Thousand tCO_2e	**2,726**	656
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	**4,223**	352
WACI (Scope 1&2)	tCO_2e / US$1mn sales	**1,223**	84

Source: Data for 2025 is sourced from ISS, as at 31 December 2025. Please note that figures for the year 2024, sourced from MSCI, are as reported in our 2025 Climate Report.

Private markets

Metric	Unit	2025	2024	2023
Scope 1 & 2 emissions	tCO_2e	**823**	796	954
Scope 3 emissions	tCO_2e	**33,381**	82,268	694
Total GHG emissions (Scope 1, 2 & 3)	tCO_2e	**34,204**	83,064	4,948
Total carbon footprint (Scope 1, 2 & 3)	tCO_2e / US$1mn invested	**32**	185	11

Source: Impax analysis, as at 31 December 2025. Please note that figures for the year 2023 and 2024 are as reported in our 2025 Climate Report. The increase in GHG emissions from private markets between 2023 and 2024 reflects a methodological change. In 2024, reporting shifted from lifecycle estimates—spread across the asset's life—to construction-phase supply chain emissions, in line with the GHG Protocol. Lifecycle analysis could not disaggregate emissions by Scopes 1, 2 and 3.

Commentary on data

For active listed equities, a reduction in portfolio AUM between 2024 and 2025 is the key driver of the change in Scope 3 emissions over the period. The exit of some higher-emitting holdings, alongside improved operational processes and efficiency measures at companies held throughout the period, contributed to the decline in Scope 1 and 2 emissions over the same period.

For systematic equities, the observed increase in Scope 3 figures in 2025 reflects enhanced data coverage rather than deteriorating emissions performance. Scope 1 & 2 emissions declined year-on-year, driven by a drop in emissions within retained holdings and the addition of new positions with lower carbon intensity.

For fixed income, 2024 reporting covered only a subset of our fixed income funds and was based on data from a different provider. In 2025, we adopted ISS data, which provides substantially broader coverage across our fixed income holdings. While this represents an improvement in data quality and coverage, year-on-year comparisons should be interpreted with caution as the underlying dataset is not directly comparable.

For private markets, a large increase in Scope 3 emissions was recorded in 2024. This can be attributed to a change in methodology to capture supply chain emissions at the point of construction, rather than using life-cycle estimates. The decrease in reported Scope 3 emissions in 2025 reflects lower construction activity as a number of projects progressed from construction into operations, reducing the contribution from emissions-intensive supply chain activities.

11 Scope 1: Direct GHG emissions from owned or controlled sources
Scope 2: Indirect GHG emissions from the generation of purchased energy
Scope 3: All other indirect emissions that occur in a company's value chain (upstream and downstream).
Source: GHG Protocol, 2019: Scope 1 & 2 GHG Inventory Guidance

Climate-related risks[12]

Exposure to carbon risk

Context

Our exposure to carbon risk metric is calculated using Impax's carbon risk model, which applies carbon prices from the seven scenarios developed by the Network for Greening the Financial System (NGFS) (see Appendix, page 108), reflecting carbon taxes and emissions permit prices. The analysis shows the exposure of our active listed equities strategies to 'heightened carbon risk', which refers to assets with a potential EBIT (earnings before interest and tax) reduction of more than 30%.

Data

Strategy	Max exposure 2030 (%)	Max exposure 2050 (%)
Asian Environmental	0.5	9.0
Climate	2.8	15.4
Global Emerging Markets Opportunities	0.0	0.7
Global Opportunities	0.0	3.2
Global Opportunities Low Carbon	0.0	6.8
Global Social Leaders	0.0	0.0
Leaders	0.0	16.2
Specialists	0.0	17.4
Sustainable Food	2.3	12.3
Sustainable Infrastructure	2.1	28.2
US Large Cap	0.0	1.7
US Leaders	0.0	12.8
US Small Cap	1.1	5.4
Water	0.0	10.6
Active Listed Equities (overall)	**0.4**	**11.4**

Commentary on data

Under the NGFS Net Zero 2050 scenario, we estimate that 0.4% of active listed equities holdings face heightened carbon risk by 2030, rising to 11.4% by 2050.

The key source of carbon risk over both the short (2030) and long term (2050) for our active listed equities strategies is attributable to their significant allocation to the Materials, Industrials and Utilities sectors, which have relatively high carbon intensities. Many of these companies' products enable reductions in system-wide GHG emissions but their own processes are, in some cases, carbon-intensive.

12 We are intentionally not presenting a Value at Risk (VaR) analysis in this report. While VaR is an important tool in risk management across financial services (and especially for banks), we do not see it as the ideal tool for climate risk assessment in asset management. Indeed, there is a risk that the use of VaR methodologies would create a sense of false certainty regarding the estimation of climate financial risks. We believe that estimating the financial risks associated with climate change is a prime example of 'radical uncertainty'. Given the highly idiosyncratic nature of those risks today, we believe that an aggregation to VaR at the product level provides only a limited amount of decision-useful information to our investment and risk management teams.

Exposure to physical risks

Context

Analysis of physical climate risk exposure for active listed equities comprises three elements:

- Assessment of Absolute Annual Expected Loss (AAE) from three acute hazards — extreme heat, extreme precipitation and drought — across three CMIP6 IPCC climate scenarios (SSP1 1.9, SSP2 4.5 and SSP3 7.0).
- Forecast exposure to acute cyclone and flood (river and coastal) risks in 2030, expressed as the proportion of assets at high risk.
- A proprietary Impax Vulnerability Score capturing companies' physical climate risk practices, sub-industry materiality and country-level readiness and vulnerability.

The data for active listed equities is dispayed on pages 48 and 49 ➔

Commentary on data

Our assessment of exposure to physical climate risk across our active listed equities portfolios did not flag a material change across any of the physical climate risk exposure metrics disclosed. The key drivers of year-on-year change in exposure, per strategy, were due to the purchase or sale of individual stocks, as well as changes in position sizes for existing holdings. The observed changes in exposure reflect incidental outcomes of active investment decisions, such as stock selection and position sizing, made independently of physical climate risk considerations.

For example:

- New additions and higher weightings in the Sustainable Infrastructure strategy's exposure to Asia and emerging markets – notably in Singapore and Brazil – contributed to an increase in extreme heat exposure within the portfolio. Further, within this strategy, new additions had a relatively lower exposure to acute risks, bringing the portfolio exposure down.
- Portfolio exposure to extreme precipitation increased on aggregate from new Japanese and South Korean holdings across the Climate, Specialists and Asian Environmental strategies.

Private markets – portfolio exposure to projected 'high risk' (% of FMV)[13]

	Water stress	Heat risk	Drought risk	Storm risk	Wildfire risk	Flood risk	Landslide/soil erosion/ clay shrink-swell	Total
NEF III	5%	-	5%	5%	0%	0%	10%	**25%**
NEF IV	5%	12%	0%	1%	0%	12%	12%	**42%**

The assessment of physical climate risks within private markets has been enhanced in 2025 through the engagement of a specialist external provider. This enables a highly site-specific analysis of physical hazards, looking at individual project boundaries across the portfolio, supporting a deeper understanding of asset-level exposure. The analysis includes additional risks such as soil erosion and ground movement (e.g. clay shrink-swell), and provides more actionable outputs, including interpretation of risk by asset type and associated mitigation considerations.

While certain assets are identified as having 'high' physical climate risks under this enhanced framework, these may not translate into material impacts on project performance. In most cases, the risks identified are either already incorporated into engineering and construction design standards or are inherently low impact for the technologies being deployed. As such, the revised methodology primarily strengthens the robustness and granularity of risk assessment, rather than indicating a deterioration in the underlying resilience of the portfolio.

13 Source: Impax analysis, as at 31 December 2025. FMV is the Fund's fair market value. For private markets, we measure exposure to 'high' climate risks for assessed, projects in construction or operation, covering 30% of FMV.

Active listed equities – scenario analysis on average annual exposure to acute risks over 2020-2039, by strategy[14]

	Average annual exposure			Average annual exposure (50mm)			Average annual exposure (20mm)			Average drought length expressed as AAE		
	SSP1-1.9 50th percentile	SSP2-4.5 50th percentile	SSP3-7.0 90th percentile	SSP1-1.9 50th percentile	SSP2-4.5 50th percentile	SSP3-7.0 90th percentile	SSP1-1.9 50th percentile	SSP2-4.5 50th percentile	SSP3-7.0 90th percentile	SSP1-1.9 50th percentile	SSP2-4.5 50th percentile	SSP3-7.0 90th percentile
Asian Environmental	12.0	12.6	19.5	0.9	0.9	1.9	9.5	9.6	13.2	40.1	40.3	46.3
Climate	6.2	6.7	11.4	0.4	0.4	0.9	6.4	6.5	9.5	31.6	31.8	36.7
Food	6.6	7.1	11.6	0.4	0.4	1.0	6.7	6.8	9.9	30.5	30.7	35.2
Global Emerging Markets Opps	12.7	13.3	20.9	0.8	0.8	1.6	8.7	8.8	12.2	40.7	40.9	47.2
Global Opportunities	6.1	6.5	10.8	0.5	0.5	1.1	7.2	7.3	10.3	29.1	29.3	33.7
Sustainable Infrastructure	4.7	5.1	9.0	0.3	0.3	0.8	5.9	6.0	8.8	30.0	30.2	34.8
Leaders	7.6	8.1	13.0	0.5	0.5	1.1	6.9	7.0	10.1	32.8	33.0	37.9
Global Social Leaders	5.9	6.3	10.4	0.4	0.4	1.0	6.5	6.6	9.6	30.0	30.2	34.7
Specialists	6.5	6.9	11.5	0.4	04	1.0	6.6	6.7	9.7	31.6	31.8	36.6
US Leaders	7.7	8.3	13.2	0.4	0.4	1.0	6.8	6.9	10.0	33.1	33.3	38.3
US Large Cap	7.1	7.7	12.3	0.4	0.4	1.0	6.8	6.9	10.0	31.8	32.0	36.7
US Small Cap	4.7	5.1	8.9	0.3	0.3	0.9	6.4	6.4	9.4	30.1	30.3	34.9
Water	5.7	6.2	10.4	0.4	0.4	0.9	6.2	6.3	9.3	30.6	30.8	35.4
Impax Group	**6.5**	**6.9**	**11.4**	**0.4**	**0.4**	**1.0**	**6.7**	**6.7**	**9.8**	**31.2**	**31.4**	**36.1**

Active listed equities – forecast of exposure to acute risks in 2030, by strategy[15]

	Acute risk			
	Cyclone	River flood risk	Coastal flood risk	Flood
Asian Environmental	34.0%	7.7%	2.4%	10.2%
Climate	36.9%	5.6%	1.2%	6.7%
Global Emerging Markets Opportunities	14.3%	3.0%	0.8%	3.8%
Global Opportunities	33.4%	7.6%	1.2%	8.8%
Global Social Leaders	21.6%	5.0%	0.8%	5.8%
Leaders	38.0%	5.5%	1.5%	6.9%
Specialists	30.3%	5.1%	1.7%	6.8%
Food	27.0%	5.2%	1.9%	7.1%
Sustainable Infrastructure	35.2%	5.8%	1.8%	7.6%
US Large Cap	37.6%	3.9%	2.5%	6.5%
US Leaders	35.2%	3.9%	1.2%	5.1%
US Small Cap	23.9%	2.4%	1.4%	3.8%
Water	32.1%	28.2%	1.6%	9.8%
Active listed equities (overall)	**34.0%**	**6.5%**	**1.5%**	**8.0%**

14 Source: Impax analysis, incorporating open-source data, portfolio holdings as at 31 December 2025. Strategy data is reported on a GIPS composite basis.

15 Source: Impax analysis, incorporating data sourced from Bloomberg, portfolio holdings as at 31 December 2025. Strategy data is reported on a GIPS composite basis.

Active listed equities – Impax vulnerability score by strategy[16]

	Company practices	Sub-industry materiality	Country vulnerability	Impax vulnerability score	Index
Asian Environmental	2.4	2.9	2.6	2.7	L-M
Climate	2.4	3.1	2.4	2.6	L-M
Food	2.5	3.2	2.5	2.8	M-H
Global Emerging Markets Opportunities	2.3	3.2	2.9	2.8	M-H
Global Opportunities	2.3	2.7	2.5	2.5	L
Sustainable Infrastructure	2.2	3.7	2.0	2.7	L-M
Leaders	2.4	3.2	2.7	2.7	M-H
Global Social Leaders	2.7	2.7	2.3	2.6	L
Specialists	2.6	3.0	2.5	2.7	M
US Leaders	2.5	3.0	2.7	2.7	M
US Large Cap	2.6	2.7	2.5	2.6	L
US Small Cap	4.1	3.0	1.4	2.9	M-H
Water	2.7	3.4	2.0	2.7	M
Active listed equities (overall)	**2.6**	**3.1**	**2.4**	**2.7**	**M**

Key: M-H = Moderate-heightened M = Moderate L-M = Low-moderate L = Low

16 Source: Impax analysis, incorporating data sourced from Bloomberg, portfolio holdings as at 31 December 2025. Strategy data is reported on a GIPS composite basis.

3. Nature

We have taken nature into account in our investment process for many years. Recently, we have enhanced our approach following the development of standardised industry-wide methodologies and improved data availability.

We assess nature-related risks in our investments by considering the exposure that companies and issuers have to biodiversity loss and ecosystem degradation. We examine opportunities arising from investing in nature-based solutions where products and services can play a positive role in alleviating pressures on biodiversity.

We also recognise that safeguarding biodiversity and natural systems is essential to managing long-term environmental and financial risks, and to supporting a resilient, sustainable global economy. We strongly believe that addressing nature-related risks requires systems-level solutions alongside direct engagement with investee companies and issuers.

Structure of this section

This section sets out our nature-related disclosures, in response to the TNFD recommendations. Appendix 4 (page 110) provides a mapping of our disclosures to each TNFD recommendation.

This section sets out where our nature-specific approach goes beyond the framework described in Section 1 by each pillar of our sustainability approach – Insights, Integration, and Influence.[17]

- Under **Insights**, we provide a detailed overview of how we have developed insights by assessing nature-related dependencies and impacts across our listed equities and fixed income investments using data from NatureAlpha and other third-party data providers. We also include our material nature-related risks and opportunities across our listed equities and fixed income investments, in line with the TNFD Strategy pillar. Finally, we explain how we use our proprietary Environmental Markets Taxonomy to identify nature-related investment opportunities.
- Under **Integration**, we report how we have integrated nature into corporate and issuer resilience analysis by using Dependencies, Impacts, Risks, and Opportunities based insights and proprietary dashboards to assess company-level scores. We also provide details of how have assessed company and project-level risks for our private markets investments, together with a case study.
- Under **Influence**, we report on our nature-related stewardship and advocacy activities during 2025.

For the first time, we also report on nature-risk metrics for our listed equities and fixed income investments as well as a proprietary nature opportunities metric which measures the exposure of our thematic active listed equities strategies to companies providing solutions that address the five drivers of biodiversity loss identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).

While we provide insight and a case study on how we have integrated nature-related considerations into our private markets investments under the Integration pillar of our sustainability approach, we have not comprehensively set out how we have considered these across all three pillars. This is largely because the NatureAlpha data that we currently have access to only covers our listed investments (where portfolio exposure is greatest). Accordingly, the dependencies and impacts analysis, assessment of risks and opportunities, and the metrics we report cover approximately 95% of our AUM, as at 31 December 2025. We intend to take steps to address this gap ahead of our 2027 Sustainability Report.

17 This section is consistent with our Approach to Nature, Biodiversity and Deforestation

Alignment with the TNFD's LEAP framework

For the purposes of the disclosures within this section of the report, we have used a LEAP-informed process (below) to structure our first portfolio-wide assessment of nature-related dependencies, impacts, risks and opportunities across listed equities and corporate fixed income.

1. **Locate:** We identified where portfolio holdings may interface with nature through sector exposure, company activities, geography and available asset-location data (Section 3.1).
2. **Evaluate:** We assessed potential dependencies on ecosystem services and potential impacts on the drivers of biodiversity loss using NatureAlpha's company-level data capabilities, supplemented by our Sustainability Lens, sector research and external data from ENCORE, ForestIQ and Bloomberg.
3. **Assess:** We used our proprietary Sustainability Lens and wider insights on nature-related dependencies and impacts to assess the material nature-related risks and opportunities (Section 3.1).
4. **Prepare:** We translated the findings into metrics, fund and company-level scorecards, engagement priorities, stewardship actions and inputs for Corporate and Issuer Resilience Analysis. This includes the development of an internal nature data dashboard that enables investment and stewardship teams to view nature-related exposure at the fund and company-level (Sections 3.2 and 3.4).

The inclusion of nature within the Sustainability Lens enables us to have better insights into the associated risks and opportunities across the various economic sectors.

3.1 INSIGHTS

Researching new sustainability topics, generating ideas and shaping the investment universe

Given the growing understanding of both the contribution of ecosystem services and the risks of biodiversity loss to the global economy, we assess nature-related risks for our listed equities and fixed income investments, in the first instance, at the sector level. We have done this by conducting top-down sector-level exposure analysis identifying the potential impacts and dependencies on nature at a sector level. This process is informed by external research tools, including NatureAlpha and ENCORE.

The insights from this analysis are reflected in the Impax Sustainability Lens. Specifically, the related Lens risk metric identifies the resource and biodiversity intensity, dependence and potential negative impacts at the sub-industry level relating to natural resources (water, land, timber, raw materials, energy) and/or to living natural organisms (flora, fauna, ecosystems, biodiversity). We periodically update the Lens and use expert-level sector research to refresh biodiversity-related risks and opportunities. The inclusion of nature enables us to have better insights into the associated risks and opportunities across the various economic sectors.

Key findings from our nature-related dependencies and impacts analysis

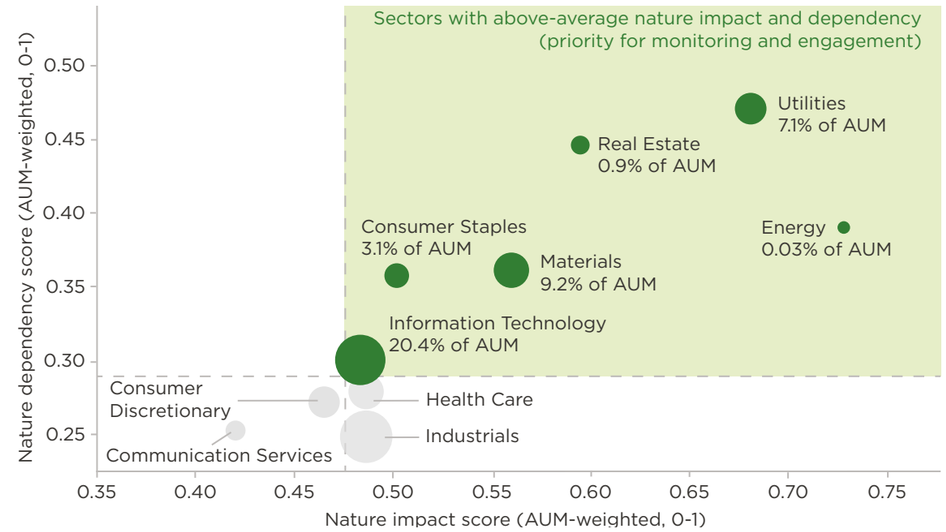
Our dependencies and impacts analysis shows that nature-related exposure is not evenly distributed across portfolios. Impact and dependency exposure is concentrated in specific sectors (Materials, Industrials, IT and Utilities) and in water-related ecosystem services. These findings support a targeted approach: we focus deeper research and stewardship on holdings where the combination of sector exposure and impact and dependency scores indicates the greatest need for further review. How we do this is set out in Section 3.2.

Identifying nature-related dependencies and impacts to inform universe formation

The chart below maps potential dependency and impact exposure by sector, with bubble size representing each sector's share of total listed equities and corporate fixed income AUM. It is intended to show where nature-related exposure is most relevant at the portfolio level, not to quantify realised biodiversity impact or financial loss.

Utilities and Materials show higher dependency scores, while Industrials and Information Technology are important because of their weight in portfolios. This combination of exposure and intensity helps determine where further issuer-level analysis is most decision-useful.

Portfolio exposure to potential nature-related dependencies and impacts by sector

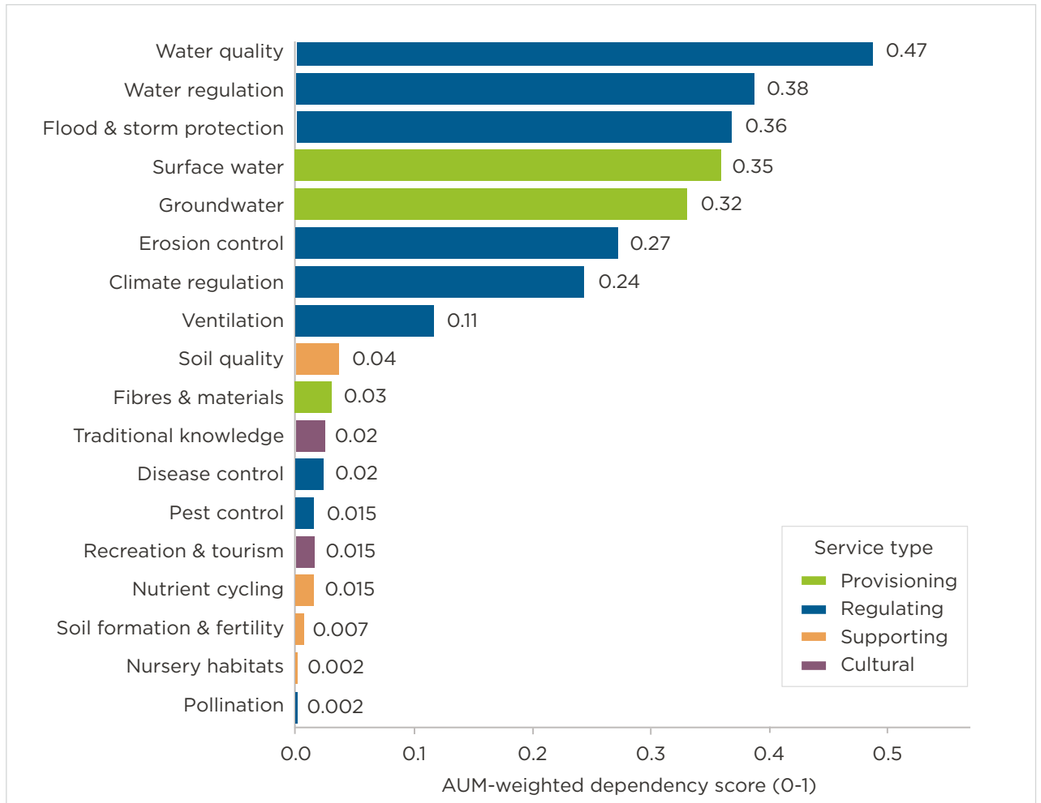


Dependencies on ecosystem services

Dependencies relate to the ecosystem services that companies may rely on to operate effectively. Our assessment of dependencies is based on NatureAlpha company-level scores, Bloomberg and ENCORE's sector-level data.

Across listed equities and corporate fixed income, the most material dependencies (AUM-weighted) are concentrated in freshwater systems: water quality and regulation, flood and storm protection, and surface and groundwater availability (see graphic below). Water underpins most economic activities – from agriculture to manufacturing to power generation and data centre cooling – in a way that few other ecosystem services do. It is also among the most measurable: water withdrawal, discharge and stress data are relatively well-reported compared to dependencies on pollination, soil formation or genetic diversity, where measurement frameworks remain nascent.

Portfolio dependencies by ecosystem services



Sector dependency heatmap

Ecosystem service dependency by GICS sector

Sector/Dependency	Water quality	Flood & storm protection	Water regulation	Pollution control	Suface water	Germination	Climate regulation	Remediation	Soil quality	Recreation	Sector AUM (% of firm)
Industrials											34%
Information Technology											21%
Materials											9%
Financials											9%
Health Care											8%
Utilities											7%
Consumer Discretionary											5%
Consumer Staples											3%
Communication Services											2%
Real Estate											1%
Energy											0%

Dependency level key: High Medium Low-medium Low

Source: These sector profiles are built bottom-up from NatureAlpha's company-level scores for Impax's actual holdings, aggregated to sector level – they reflect the specific companies we are invested in, not generic sector averages across the broader market.

Sector-level heatmaps, as shown above, have helped identify where dependency intensity intersects with meaningful investment exposure. Industrials and Information Technology together represent over half of firm-wide AUM and show moderate dependency profiles. Materials and Utilities combine both high dependency scores with meaningful investment exposure, making them the two sectors where dependency-related risks are most concentrated relative to exposure. Freshwater is the clearest dependency channel across the portfolio. Water-related dependencies can become financially relevant through production disruption, higher operating costs, permitting constraints, regulation, reputational risk or supply-chain pressure – though dependency does not automatically imply material risk. We therefore focus further analysis on whether companies in water-intensive sectors or water-stressed regions have credible governance, withdrawal and discharge management, risk assessments and decision-useful disclosures.

Impacts on the drivers of biodiversity loss

Impacts relate to how company activities may contribute to pressures on nature. We have assessed potential impacts using NatureAlpha company-level impact scores across the main drivers of biodiversity loss, supplemented by sector research and the Sustainability Lens – which provides an internal materiality check on third-party modelled scores and keeps the analysis consistent with our established views of sector and sub-industry risks. As with dependencies, these scores are directional indicators of potential pressure; not a measure of realised biodiversity loss.

Impact driver profile by GICS sector

GICS Sector	Land use change	Climate change (GHG)	Pollution	Resource use & exploitation	Sector AUM (% of firm)
Industrials					34%
Information Technology					21%
Materials					9%
Financials					9%
Health Care					8%
Utilities					7%
Consumer Discretionary					5%
Consumer Staples					3%
Communication Services					2%
Real Estate					1%
Energy					0%

Portfolio-level impact exposure is principally driven by holdings in Materials, Industrials and Information Technology – reflecting pollution, resource use and emissions from chemicals, manufacturing and semiconductor value chains. Together, these sectors account for over 60% of our AUM. This is consistent with Impax's broader investment approach: many companies providing environmental solutions operate in sectors that are themselves resource-intensive. Impact exposure is not evenly distributed across investments, and this concentration helps Impax focus research, analysis and stewardship on the areas where potential pressures on nature are most relevant to our actual investments.

Nature-related risks and opportunities

Dependencies and impacts show where exposure exists, while risks and opportunities indicate where that exposure may become financially material. To arrive at a view of the most material nature-related risks and opportunities across our investments, we considered investment-driven analysis based on actual sector and geographic exposures, using NatureAlpha and other relevant datasets (as detailed in the section above) as well as inputs from internal subject-matter-experts.

We have not yet undertaken a formal nature scenario analysis. Current datasets remain limited in coverage, comparability and decision-usefulness, and standardised nature scenarios are still at an early stage. We will continue to monitor methodological developments and expect to incorporate formal scenario analysis as tools and data mature.

Material nature-related risks

The material risk pathways for our portfolios relate to systemic and chronic physical risks (water stress and ecosystem disruption affecting operations and supply chains), and transition risks linked to policy, regulation and market demand. Acute physical risks such as floods, droughts and wildfires may disrupt operations, infrastructure and supply chains. Chronic ecosystem degradation may reduce the availability or quality of ecosystem services on which companies depend, particularly in freshwater systems.

Given our overweight exposure to solutions providers, transition risks may also arise if policy support for nature-related solutions is delayed or insufficient, or if demand for nature-aligned products and services grows more slowly than expected.

The table below sets out the most material nature-related risks that we have identified.

Category	Risk	Impacted party	Time horizon	Assessment of impact on Impax[18]
Acute events	Acute floods, droughts and wildfires can disrupt operations and supply chains, causing sudden losses; materiality sector concentrated.	Investee companies	0-15 years	High
Chronic events	Chronic ecosystem and biodiversity loss erodes the natural services on which companies depend, raising input costs and lowering productivity.	Investee companies	5-15 years	Medium
Policy	Policy delays may not curb nature-negative activity or incentivise nature-related solutions, slowing adoption and growth for companies exposed to these markets.	Investee companies	0-10 years	Medium
Market	Demand for nature-aligned products and services grows more slowly than anticipated, limiting revenue and scale for solution providers.	Investee companies	0-10 years	Medium

18 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which a risk can be mitigated.

Material nature-related opportunities

Our active listed equities' strategies' longstanding focus on environmental markets means those portfolios are deliberately tilted toward solutions providers – companies whose products and services directly or indirectly address the drivers of nature loss identified by IPBES: land and sea-use change, direct exploitation of natural resources, climate change, pollution, and invasive alien species. Examples include water efficiency and treatment, pollution control, sustainable agriculture and food, ecosystem restoration, resource-efficient materials and environmental monitoring.

The most material opportunity pathways reinforce the strategic rationale for this positioning. Growing investor focus on biodiversity and TNFD-aligned reporting may increase demand for asset managers that can evidence credible nature integration. Stronger regulation across water, pollution, land use and resource efficiency may support growth for environmental solution providers. Technological innovation in resource efficiency, circular solutions, pollution control and monitoring may also expand addressable markets for selected portfolio companies.

Quantification of nature opportunities derived from our Environmental Markets Taxonomy is set out in Section 3.4 on page 69.

The table below sets out the material nature-related opportunities that we have identified.

Category	Opportunity	Impacted party	Time horizon	Assessment of impact on Impax[19]
Market	Growing focus on biodiversity and nature increases client demand for investment strategies with credible nature integration; supports mandate wins and retention via strengthened integration in existing strategies.	Impax	0-5 years	Medium
Policy	Expanding regulation on water, pollution and land use broadens markets for environmental solutions.	Investee companies	5-10 years	Medium
Technology	Continued innovation in resource efficiency, water treatment and circular technologies expands addressable markets.	Investee companies	5-15 years	Medium
Reputational	Greenwashing concerns and rising nature regulation increase demand for specialist investors with a credible and systematic approach to nature integration.	Impax	0-5 years	Low

19 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which an opportunity can be realised.

Impax's Environmental Markets Taxonomy – a tool to inform investment universe formation

Alongside the Sustainability Lens and wider research, we are increasingly using our proprietary Environmental Markets Taxonomy - originally developed in 1999 - to identify nature-related investment opportunities.

The opportunity set covered by this Taxonomy has expanded significantly over the years, currently representing around 2,500 companies, each classified within one of six thematic areas (see page 61).

To be included in the investable universe, companies must generate at least 20% of their revenues in themes defined by our proprietary thematic taxonomies. This threshold is evaluated by the analyst responsible for the stock and is confirmed and documented by a member of the Sustainability Centre. The universe is continuously monitored and regularly updated.

The six thematic areas span activities that, in many cases, address one or more of the main IPBES drivers of biodiversity loss. Revenue generated within these themes therefore often provides a proxy for nature-related solutions exposure – capturing the share of portfolio revenue derived from products and services that help alleviate pressure on nature. This forms the basis for the 'Nature Opportunities' metric set out on page 70.

Environmental Markets Taxonomy

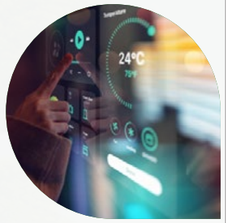
Energy

Alternative energy
- Hydrogen
- Biofuels
- Wind
- Solar
- Developers & independent power producers

Energy management & efficiency
- Smart grids
- Industrial, consumer & buildings efficiency
- Power storage and un-interruptible power supply
- Lighting

Water

Water infrastructure & technologies
- Distribution & infrastructure
- Treatment
- Efficiency
- Utilities



Smart environment

Environmental services & resources
- R&D & consultancies
- Finance & investment
- Testing & monitoring
- Pollution control

Digital infrastructure
- Efficient IT
- Cloud computing
- Digital collaboration solutions
- Environmental resources

Clean and efficient transport

Transport solutions
- Advanced aviation
- Advanced shipping
- Railways
- E-bikes & bicycles
- Buses & coaches
- Road vehicles & devices
- Pollution reduction
- Shared mobility

Circular economy

Resource efficiency & waste management
- General & hazardous waste management
- Recycled, recyclable products & biomaterials
- Resource circularity & efficiency
- Technologies

Sustainable food

Sustainable food & agriculture
- Organic & alternative
- Technology & logistics
- Safety & packaging
- Agri- & aquaculture
- Forestry

3.2 INTEGRATION

Assessing company and issuer resilience

The Impax Sustainability Lens links portfolio-level screening to company-level analysis, i.e. where it identifies nature-related risks as material for a company's activity, the Corporate and Issuer Resilience Analysis assesses governance, policies, risk management, targets, incentives and disclosures. The Dependencies, Impacts, Risks and Opportunities analysis, together with internally-developed company and fund-level dashboards, refine this prioritisation with company-level scores, sensitive-location exposure and management-quality indicators.

In our Corporate and Issuer Resilience Analysis, we layer in company-specific location data, using NatureAlpha's geospatial capabilities to assess the share of each company's physical assets located in or near areas that the TNFD classifies as priority nature locations, such as areas important for biodiversity, areas of high ecosystem integrity, or areas of high physical water risk.

This helps distinguish between companies that operate in higher-exposure sectors but have limited physical proximity to sensitive areas, and those where operational sites are concentrated in or near priority locations. Where that is the case, nature-related considerations are given greater weight within the Corporate and Issuer Resilience Analysis, alongside an assessment of the company's governance, risk management and disclosure.

Spotlight

Private markets: assessing company and project level nature-related risks

As nature is a location-specific issue, we analyse each location, the impacts of the project design on nature and the extent to which this then creates investment risk. We begin with a thorough analysis of the site's exact location, focusing on the habitats and biomes that may be affected by a proposed project.

This analysis forms part of the permitting process, which includes a comprehensive environmental review conducted prior to construction. The permitting process encompasses environmental, archaeological, and community assessments, ensuring that all relevant factors are considered before work begins.

As part of the environmental assessment, we evaluate how construction activities and equipment transport could impact local biodiversity, such as nesting birds, migratory species and sensitive habitats. These insights directly inform the site design and the development of mitigation measures. Once implemented, these measures are monitored throughout both the construction and operational phases to ensure long-term ecological protection.

CASE STUDY

BNRG – Biodiversity integration in solar development

Objectives

BNRG is a Dublin-headquartered developer and operator of solar projects, and owns 50% of the Dunmurry Solar Farm alongside one of our private markets strategies, which owns the other 50%. The Dunmurry Solar Farm demonstrates how a solar energy project can successfully transform a previously low-value, highly-managed landscape into a biodiversity enhancing renewable energy site. Developed on a decommissioned golf course, the project adopts ecological assessment findings to retain, restore, and enhance existing natural features while embedding biodiversity considerations into the construction and operational phases.

Key actions

BNRG integrated biodiversity objectives directly into project design by building on the existing ecological characteristics of the former golf course and restoring previously degraded habitats. The company commissioned an Ecological Impact Assessment to inform decisions on habitat retention and protection, avoiding disturbance beyond the clearly defined construction footprint and ensuring compliance with ecological guidelines. Meadow planting with native wildflower mixes and rough grassland management were introduced between solar arrays, while hedgerows, trees, ponds, wet grassland, marsh, scrub, and rough/wet grassland areas were protected and incorporated into long term biodiversity areas. The design also accounted for species such as badgers, pine martens, bats, butterflies, moths and frogs, integrating features that support their continued use of the site.

Outcomes

The project has delivered significant environmental benefits by converting a heavily altered, herbicide-treated golf course into a low-disturbance landscape now managed for biodiversity gain. The reduction in human activity and maintenance has enabled ecological recovery, while habitat creation and retention have improved ecological connectivity and supported a wider range of species across the site. The enhanced landscape is expected to remain rich in flora and fauna long into the operational life of the solar farm. Additionally, the scheme provides wider community value through a long-term community benefit fund and reduced operational traffic compared with the former golf club.

3.3 INFLUENCE

Driving change through stewardship and advocacy

In 2025, we prioritised the following nature sub themes for stewardship and advocacy:

- Nature-related dependencies and impacts
- Tackling deforestation

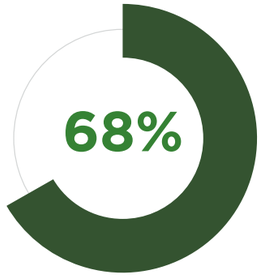
Stewardship

Given the relatively early stage of corporate approaches to nature-related risks, during 2025 we continued to focus on encouraging companies to assess their nature dependencies and impacts, strengthen board-level oversight, and improve disclosure of governance, risk management, strategy and metrics/targets in line with TNFD expectations. Our engagements also covered related issues such as waste, chemicals and pollution management – all major drivers of nature and biodiversity loss.

12%
of engagements in 2025 focused on Nature

Voting support for eligible shareholder proposals on nature

Nature
Biodiversity assessment; plastic packaging; sustainable sourcing



Below is an illustrative example of a nature-related company engagement we undertook during 2025 for our listed investments. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY

Company engaged

DSM-Firmenich

A supplier of ingredients to the nutrition, health and beauty industries.

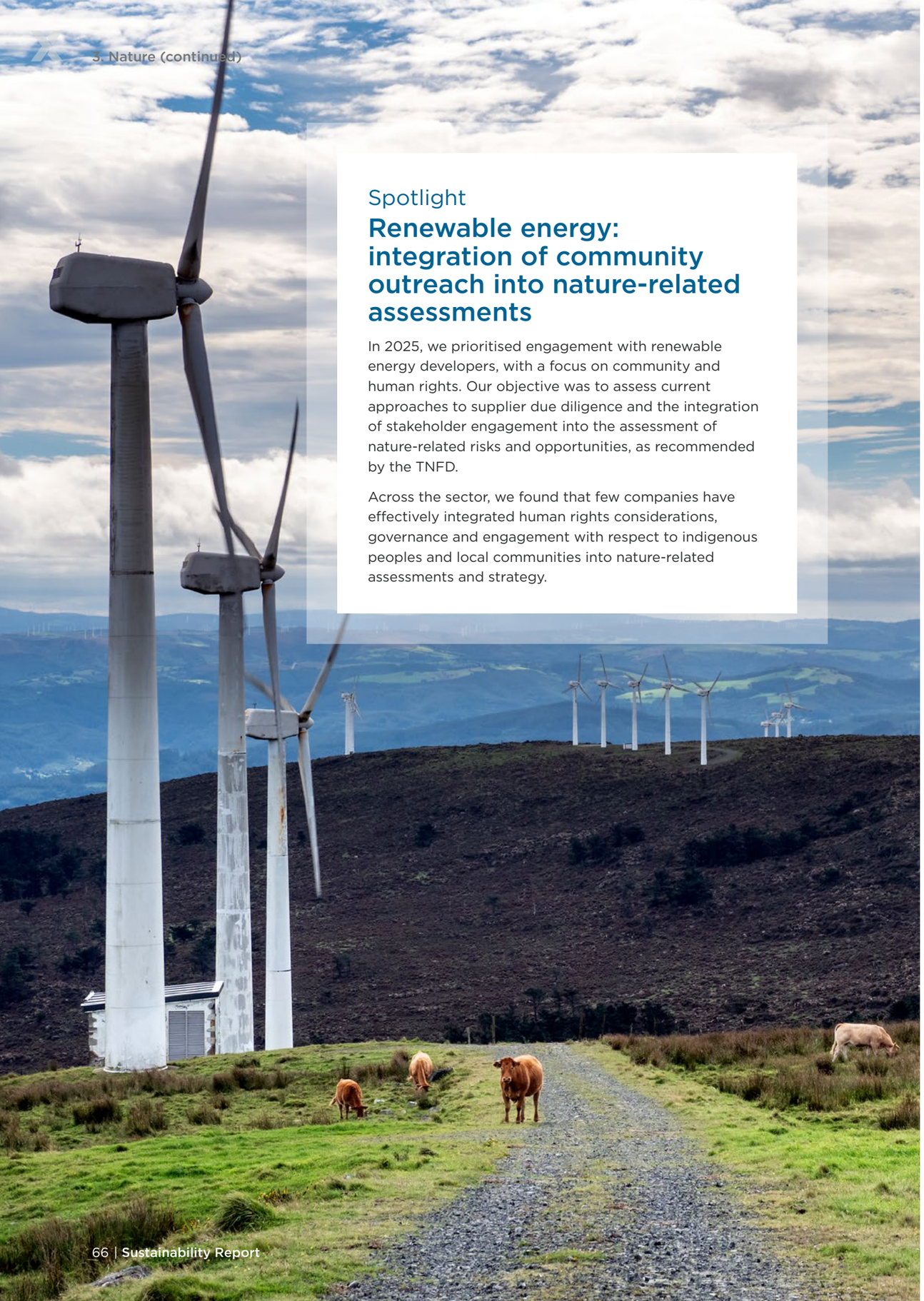
Engagement type
Individual

Objectives

- Assess nature-related dependencies, impacts, risks and opportunities across the value-chain to inform nature strategy
- Integrate biodiversity and water criteria into supplier engagement

Activities
We have been engaging with DSM-Firmenich since 2021. In 2025, we followed up on prior discussions with a focus on assessing the company's nature-related dependencies, impacts, risks and opportunities, and how these inform its broader nature strategy.

Progress and outcomes
DSM-Firmenich has completed a robust, ESRS, TNFD and SBTN-aligned assessment showing that around 95% of its nature-related impacts stem from upstream agricultural sourcing. This reinforces its decision to maintain existing sourcing and water targets while strengthening biodiversity and restoration efforts and considering a future biodiversity target ahead of first-time disclosures in its integrated report.



Spotlight

Renewable energy: integration of community outreach into nature-related assessments

In 2025, we prioritised engagement with renewable energy developers, with a focus on community and human rights. Our objective was to assess current approaches to supplier due diligence and the integration of stakeholder engagement into the assessment of nature-related risks and opportunities, as recommended by the TNFD.

Across the sector, we found that few companies have effectively integrated human rights considerations, governance and engagement with respect to indigenous peoples and local communities into nature-related assessments and strategy.

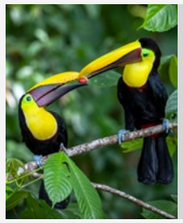
Advocacy

The scale and pace of nature loss – from deforestation to biodiversity collapse – create systemic financial risks and undermine real economy value chains that depend on healthy ecosystems. Yet dependencies on nature remain poorly measured and weakly governed, underscoring the need for clearer policy signals, market standards and disclosure frameworks. We engage policymakers and convene financial sector stakeholders to help align capital flows with outcomes that halt deforestation and support a nature-positive transition.

In 2025, our advocacy focused on nature-related dependencies and impacts, particularly deforestation. We facilitated investor input into the design of the Tropical Forest Forever Facility (TFFF), connected deforestation-focused coalitions with governments and multilateral institutions through the Investor Policy Dialogue on Deforestation (IPDD), and collaborated with initiatives including FAIRR, IIGCC and PRI Spring. We also continued to support the TNFD by promoting its recommendations as a foundation for action by our investee companies and sharing our experience with other financial institutions, ahead of publishing TNFD-aligned disclosures in this report.

Below is an illustrative example of a nature-related advocacy initiative we undertook during 2025. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY



Advocacy initiative

Tropical Forest Forever Facility (TFFF)

Objectives

Support the successful launch of TFFF at the COP30 climate summit by facilitating investor inputs into its design, resulting in a high-integrity facility that channels capital to protect and restore tropical forests and the ability to attract sponsor capital and private investment at scale.

Activities

During 2025, we connected deforestation-focused investor initiatives with the Brazilian government, sponsor countries and the TFFF Secretariat to integrate investor priorities into the design of the TFFF. These activities included convening an investor roundtable at London Climate Action Week to identify investor priorities (such as environmental safeguards and transparency of use of TFFF funds) and contributing written inputs to TFFF concept notes.

Progress and outcomes

Investor feedback strengthened the integrity of the TFFF by avoiding exposure to environmentally harmful sectors, with the next phase focused on mobilising US$10bn of junior capital by end 2026 and continuing investor engagement on safeguards and transparency.

Thought leadership

Highlights of our nature-related thought-leadership during 2025 include:

- Insights: Addressing the hidden water footprint of data
- Insights: Treating the forever problem of PFAS

The table below sets out the nature-related metrics we track and report across our portfolios, with use cases for each mapped to the three pillars of our sustainability approach – Insights, Integration and Influence. The first two metrics – exposure to material sectors and exposure to priority locations – reflect the portfolio exposure metrics recommended by the TNFD guidance for financial institutions. The remaining two are additional metrics we report on a voluntary basis.

Metric	Unit	Use cases for metric
Exposure to material sectors	% of AUM	• Screening portfolio exposure to sectors with elevated nature-related dependencies and impacts • Client reporting
Exposure to priority locations	% of AUM	• Input into Corporate Resilience Analysis • Engagement prioritisation • Client reporting
Companies without a formal biodiversity policy	% of AUM	• Input into Corporate Resilience Analysis • Engagement prioritisation • Client reporting
Nature opportunities	Fund-weighted share of revenue	• Monitoring potential exposure to nature-aligned activities • Client reporting

3.4 Nature-related metrics

For our listed equities and fixed income investments, we have been monitoring a series of nature-related metrics, which we report below for the first time.

Exposure to material sectors

We screen our portfolio for exposure to the sectors that the TNFD has identified as having the most significant nature-related dependencies and impacts. These 68 priority sub-industries - spanning areas such as agriculture, forestry, mining, chemicals and water utilities - are those where companies are most likely to both depend on and exert pressure on natural ecosystems. This metric reflects the share of listed equities and corporate fixed income AUM invested in these nature-sensitive sectors, providing a high-level view of our portfolio's financial exposure to nature-related risk at the sector level.

41%

of Committed AUM exposed to TNFD priority sub-industries

Source: Impax calculations, as at 31 December 2025.

Exposure to priority locations

Location is a critical dimension of nature risk. Companies with operations in or adjacent to key biodiversity areas, protected areas and other ecologically sensitive sites face both heightened nature-related risk and greater responsibility to manage their biodiversity footprint. Using NatureAlpha data, we calculate the proportion of our portfolio invested in companies where a significant share of their assessed physical assets is located within TNFD priority nature areas. This gives us a spatial lens on where our portfolio companies interface most directly with sensitive ecosystems.

33%

of AUM with exposure to TNFD priority locations

Source: Impax calculations using NatureAlpha (naturesense) data, as at 31 December 2025.

Companies without a formal biodiversity policy

A formal biodiversity or nature policy is a foundational governance indicator, reflecting that a company has begun to recognise and commit to managing its nature-related impacts and dependencies. This metric tracks the proportion of our portfolio invested in companies that have not yet adopted such a policy. The high proportion reflects the early stage of corporate nature governance across the broader market, and identifies a significant engagement priority for us as active owners.

75%

of AUM invested in companies without a formal biodiversity policy

Source: Impax calculations using NatureAlpha (unmanaged risk) data, as at 31 December 2025..

Nature opportunities metric

% revenue derived from products and services that help address drivers of biodiversity loss

Source: Impax calculations using thematic data, as at 31 December 2025

Strong[20] 34%

Moderate[21] 25%

We have developed a proprietary 'nature opportunities' metric, set out below, to measure the proportion of a company's revenues derived from products and services that directly or indirectly alleviate one or more of the five IPBES drivers of biodiversity loss. Company revenues are classified using the Impax Environmental Markets Taxonomy and mapped to the relevant IPBES drivers via a predefined linkage matrix — for example, water treatment revenues are mapped to 'Pollution' (IPBES 4) and 'Invasive Non-Native Species' (IPBES 5), while renewable energy revenues are mapped to 'Climate Change' (IPBES 3). This is shown in the table below.

Nature solutions revenue exposure by Environmental Markets sector	IPBES 1	IPBES 2	IPBES 3	IPBES 4	IPBES 5
Environmental Markets Taxonomy sector	**Land/sea use change**	**Direct exploitation**	**Climate change**	**Pollution**	**Invasive species**
Alternative energy					
Digital infrastructure					
Energy management & efficiency					
Environmental services & resources					
Resource efficiency & waste management					
Sustainable food & agriculture					
Transport solutions					
Water infrastructure & technologies					

Strength of contribution to mitigating IPBES drivers of biodiversity loss: Strong Moderate Low

20 **Strong** alignment covers activities with significant and clear benefits in mitigating at least one IPBES driver of biodiversity loss (e.g. wind energy generation, recycling technology)

21 **Moderate** alignment covers activities with more limited or conditional benefits – either because they are narrower in scope or generate externalities which may offset part or some of the solution's positive contribution (e.g. high-efficiency buildings equipment, transition-critical minerals mining)

The aggregate metric is expressed as a percentage of total portfolio revenue, providing a standardised, quantitative view of investee contributions to less nature-negative outcomes (nature-positive opportunities are limited beyond the private assets space). This approach enables tracking and comparison across portfolios and supports alignment with the TNFD's recommended disclosure metrics for nature-related opportunities.

We report on this metric for our Specialists investment strategy, which is the portfolio with the deepest exposure to nature-aligned solution providers. The metric is derived from our Environmental Markets Taxonomy, which underpins a subset of our active listed equities strategies. We intend to explore extending nature solutions reporting to additional strategies in future periods.

We also intend to enhance the methodology by incorporating company-level management practices – such as biodiversity governance, target-setting and disclosure quality – as an additional input. Currently, the classification of activities against IPBES drivers relies on a qualitative assessment at the taxonomy level; integrating issuer-specific data would allow for a more granular view of whether companies are managing nature-related aspects of their activities effectively, not just whether the activity itself is aligned.

4. People

We recognise that effective management of people-related risks is critical to company competitiveness and long-term value creation. We assess human capital, inclusive culture and human rights as material factors within our proprietary Corporate and Issuer Resilience Analysis. Strong corporate culture practices are consistently linked with higher motivation, retention, productivity and better financial performance, and research shows that diverse and inclusive corporate culture is often correlated with financial outperformance.[22]

We believe that respecting human rights and adhering to international norms is fundamental to risk management and corporate resilience. Our approach is grounded in the belief that businesses have a responsibility to uphold the dignity, equality and rights of individuals across their value chains. Further details of how we integrate human rights-related risks into our investment process can be found in our Approach to Human Rights document.

Structure of this section

This section sets out where our people-specific approach goes beyond the framework described in Section 1 by each pillar of our sustainability approach – Insights, Integration, and Influence.

- Under **Insights**, we describe how we have used tools such as the Impax Social Taxonomy alongside the Sustainability Lens to identify people-related risks and opportunities across relevant active listed equities investments.
- Under **Integration**, we explain how we use the human rights and inclusive culture pillar of our Corporate Resilience Analysis for listed equities investments, as well as our proprietary Corporate Culture Indicators, to support company and issuer-level analysis for our Social Leaders active listed equities strategy and our systematic listed equities investments.
- Under **Influence**, we report on our people-related stewardship and advocacy activities during 2025.

22 See Impax, March 2026: Why corporate culture matters for gender equity – and returns

4.1 INSIGHTS

Researching new sustainability topics, generating ideas and shaping the investment universe

We believe that companies whose products and services help meet society's needs can capitalise on long-term structural drivers of opportunity. We view these companies as 'Social Leaders'.

We have identified long-term, structural trends shaping global society, including ageing populations, urbanisation, rising incomes in emerging markets, increasing chronic disease, and advances in technology, automation and AI.

Addressing these dynamics creates a compelling opportunity for innovative companies delivering solutions to evolving societal needs – expanding access to essential services such as education, employment, healthcare and nutrition, while benefiting from the transition to a more sustainable and inclusive economy.

For our active listed equities investments, alongside the Sustainability Lens, we have used our proprietary classification system – the Impax Social Taxonomy – to identify these companies within the global investable universe.

People-related risks and opportunities

Using our Sustainability Lens above, we identified the material people-related risks and opportunities across our investments and for Impax. These risks and opportunities are set out below.

Material people-related risks

Category	Risk	Impacted party	Time horizon	Assessment of impact on Impax[23]
Employee sentiment and engagement	Increased costs and reduced productivity associated with excessive employee turnover; low employee morale/engagement	Investee companies	0-10 years	High
Human capital management	Financial, legal or reputational harm arising from ineffective hiring, development, promotion and pay practices; poor succession planning	Investee companies	0-5 years	High
Inclusive culture	Innovation and resilience stifled by limited diversity of thought, background, experience or perspective and poor culture	Investee companies	0-10 years	Medium
Reputational	Performance is negatively impacted by challenges to corporate equity, diversity & inclusion efforts	Impax	0-5 years	Medium
	Misalignment between corporate culture claims and practices exposes firms to legal, regulatory or reputational challenges	Impax	0-5 years	Medium
Human rights and supply chain due diligence	Financial liabilities driven by supply chain disruptions driven community opposition, conflict or poor stakeholder engagement; reputational risk stemming from poor labor practices or human rights violations	Investee companies	0-5 years	Medium

23 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which a risk can be mitigated.

Material people-related opportunities

Category	Opportunity	Impacted party	Time horizon	Assessment of impact on Impax[24]
Employee development and wellbeing	Comprehensive employee development, engagement and wellbeing practices strengthens reputation and supports stronger talent recruitment, retention and succession	Investee companies	0-10 years	High
	Inclusive corporate culture supports greater innovation, productivity and long-term value creation	Investee companies	0-10 years	High
Reputational	Differentiation and credibility through proprietary frameworks and tools to integrate people-related risks and opportunities into the investment process	Impax	0-5 years	Medium
Client retention and growth	Growing client demand for investment products addressing social challenges	Impax	0-5 years	Medium

Impax's Social Taxonomy – identifying areas of opportunity

Within the Impax Social Taxonomy, we classify companies that provide products or services benefitting society into three pillars: meeting basic needs; broadening economic participation and improving quality of life. We then group these opportunities into eight thematic sectors. This provides a framework to help identify companies that we perceive are well placed to capitalise on the long-term secular trends shaping society.

24 We assess impact qualitatively based on the scope of companies in our investment universe that are affected by a risk or opportunity, or the extent to which a risk or opportunity affects multiple Impax business functions, combined with a judgement of the degree to which an opportunity can be realised.

4.2 INTEGRATION

Assessing company and issuer resilience

As noted in Section 1.2, human capital and inclusive culture is a critical pillar within our Corporate Resilience Analysis for listed equities investments. This pillar assesses the management, target-setting, performance and disclosures by companies for aspects of diversity in leadership (gender, racial/ethnic diversity in board and management teams), workplace equity (hiring/retention efforts, goals, disclosures), and human capital (talent pipeline, compensation/benefits and employee engagement).

In addition, we have been developing a proprietary Impax Corporate Culture Indicator that seeks to assess workplace factors to help evaluate broader corporate culture across our listed investments (notably our Social Leaders strategy and our systematic listed equities investments). Our analysis of companies' policies and performance attempts to capture the value created by supportive workplace environments, evident across regions and sectors. Companies scoring highly on the Impax Corporate Culture Indicator, as measured by these specific workplace factors, have been shown to have delivered superior total shareholder returns to those with low scores.

For further details on the Impax Corporate Culture Indicator, see our paper, 'Investing in Social Leaders'.

4.3 INFLUENCE

Driving change through stewardship and advocacy

During 2025, we continued to prioritise the following two people sub-themes for stewardship and advocacy across our listed investments:

- Corporate culture
- Human rights

Stewardship

Through engagement, we encourage investee companies to disclose and strengthen policies and practices related to talent recruitment, retention and development, and employee engagement, wellbeing and inclusion. We also focus on human rights risks within supply chains by using a regional and sector-specific approach to identify companies requiring deeper engagement.

29%
of engagements in 2025 focused on People

ENGAGEMENTS BY SUB-THEME

Corporate culture
70%
Human capital and equity, diversity and inclusion

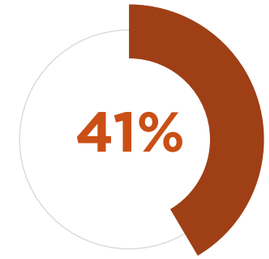
Human rights
16%
Human rights due diligence

14%
Supply chain

Voting support for eligible shareholder proposals on people

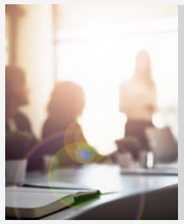
People

Human rights; equity, diversity & inclusion practices and disclosures; hiring practices



Below is an illustrative example of a people-related company engagement that we undertook during 2025 for our listed investments. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY



Company engaged

Eastern Bank

A US bank serving individuals and businesses in the Greater Boston area.

Engagement type

Individual

Objectives

- Evaluate the company's human capital management strategy and culture
- Encourage regular public disclosure on human capital management and culture

Activities

We identified Eastern Bank as a priority engagement following changes to its diversity-related disclosures. Our discussions with senior management, focused on human capital management amid recent and planned mergers, with the company reaffirming inclusion as central to its culture and highlighting strong communication and new employee resource groups to support integration.

Progress and outcomes

Eastern Bank demonstrated a clear commitment to inclusion, with the rationale for its 2025 disclosure changes understood, and subsequently strengthened transparency by publishing human capital and cultural KPIs for calendar year 2025.

Advocacy

Effective management of people-related issues – including human capital, corporate culture and human rights – is critical to company competitiveness and long-term value creation. We use our investor voice to encourage stronger practices and disclosure on workforce-related issues, and to promote respect for human rights across companies' operations and supply chains.

In 2025, we continued to look for practical opportunities to use our influence, as investors, to push for positive social change through changes to public policy and market practices, with a particular focus on human rights (see case studies on page 79).

Thought leadership and events

Highlights of our nature-related thought-leadership during 2025 include:

- Insights: Capturing employee sentiment as an investment signal
- Insights: Why corporate culture matters for gender – and returns
  Note: This Insights article was published in February 2026, but relates to our research and engagement activity during 2025.

Below are two illustrative examples of people-related advocacy initiatives that we undertook during 2025. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY

Advocacy initiative

Modern slavery regulation in Australia and New Zealand

Objectives

We have been advocating to strengthen regulatory frameworks addressing modern slavery and forced labour risks within corporate supply chains in Australia and New Zealand. We would like to see greater transparency, stronger compliance and enforcement, and effective due diligence by companies to identify, mitigate, and remediate modern slavery risks.

Activities

During the reporting period, we supported collaborative investor initiatives to strengthen modern slavery regulation across the region, including contributing to consultations on reforms to Australia's Modern Slavery Act, co-signing investor statements calling for stronger action on forced labour, and endorsing the introduction of mandatory modern slavery legislation in New Zealand.

Progress and outcomes

These initiatives informed policy discussions in both jurisdictions on strengthening modern slavery regulation and corporate transparency, and we will continue to support investor advocacy to improve due diligence and disclosure across the region.

CASE STUDY

Advocacy initiative

Forced labour important bank and migrant working protections in Taiwan

Objectives

To encourage stronger policy measures to address forced labour risks in Taiwan's supply chains, particularly those affecting migrant workers, and to align Taiwan's regulatory framework with emerging international standards on labour rights and responsible recruitment.

Activities

We participated in an investor dialogue with Taiwan's Ministry of Labor under the Investors Against Slavery and Trafficking Asia Pacific initiative, highlighting risks linked to migrant worker recruitment practices and encouraging stronger responsible recruitment and supply chain due diligence.

Progress and outcomes

In February 2026, Taiwan's Ministry of Labor announced new commitments on forced labour import restrictions, migrant worker recruitment fee reforms and updated guidelines aligned with international standards, which we will continue to support through investor engagement to strengthen labour protections and implementation.

5. Governance

Good governance underpins corporate and issuer resilience, and sustainable risk-adjusted financial returns over the long term. Strong governance enables companies to better manage material environmental and social risks, seize opportunities and deliver long-term value.

Structure of this section

This section sets out how we have applied the Integration and Influence pillars of our sustainability approach described in Section 1 to governance-related considerations.

Because the Insights pillar of our sustainability approach focuses on identifying sectors and activities aligned with the transition to a more sustainable economy to establish a broad opportunity set, governance-related considerations are primarily considered at later stages of the investment process and are not covered separately here.

- Under **Integration**, we evaluate company and issuer-specific governance issues across all asset classes, which we use to inform our stewardship priorities.
- Under **Influence**, we report on our governance-related stewardship and advocacy activities during 2025.

5.1 INTEGRATION

Assessing company and issuer resilience

Impax has developed a Governance Framework, as part of our Corporate Resilience Analysis, which is informed by our interpretation of common and global best practices, and we evaluate the extent to which companies' governance structures align with those global best practices. Where companies appear to deviate from best practice, we engage with them and may vote against a management resolution. Where we have voted against or abstained on non-routine items we endeavour to inform a company of our voting rationale.

Impax uses a third-party electronic voting platform and assesses information from service providers, including proxy advisory service providers and research providers, to inform our analysis of proxy issues. However, we ultimately determine our voting based on our own Governance Framework, Corporate Resilience Analysis and engagement.

The pillars of good governance – at the core of the Impax Governance Framework for listed investments

Impax has identified six pillars underpinning the principles of good governance:

- **Accountability** – Clear responsibility for decision-making, with boards answerable to shareholders and stakeholders
- **Oversight** – Effective, independent supervision of management by the board
- **Efficiency** – Strong governance structures, skilled and diverse boards, and robust processes to support decision making and capital allocation
- **Alignment** – Alignment of management incentives with long-term shareholder and stakeholder interests
- **Transparency** – High-quality, timely disclosure to reduce information asymmetry and support informed assessment
- **Responsibility** – Promotion of integrity, strong culture and effective management of sustainability risks to deliver long-term value

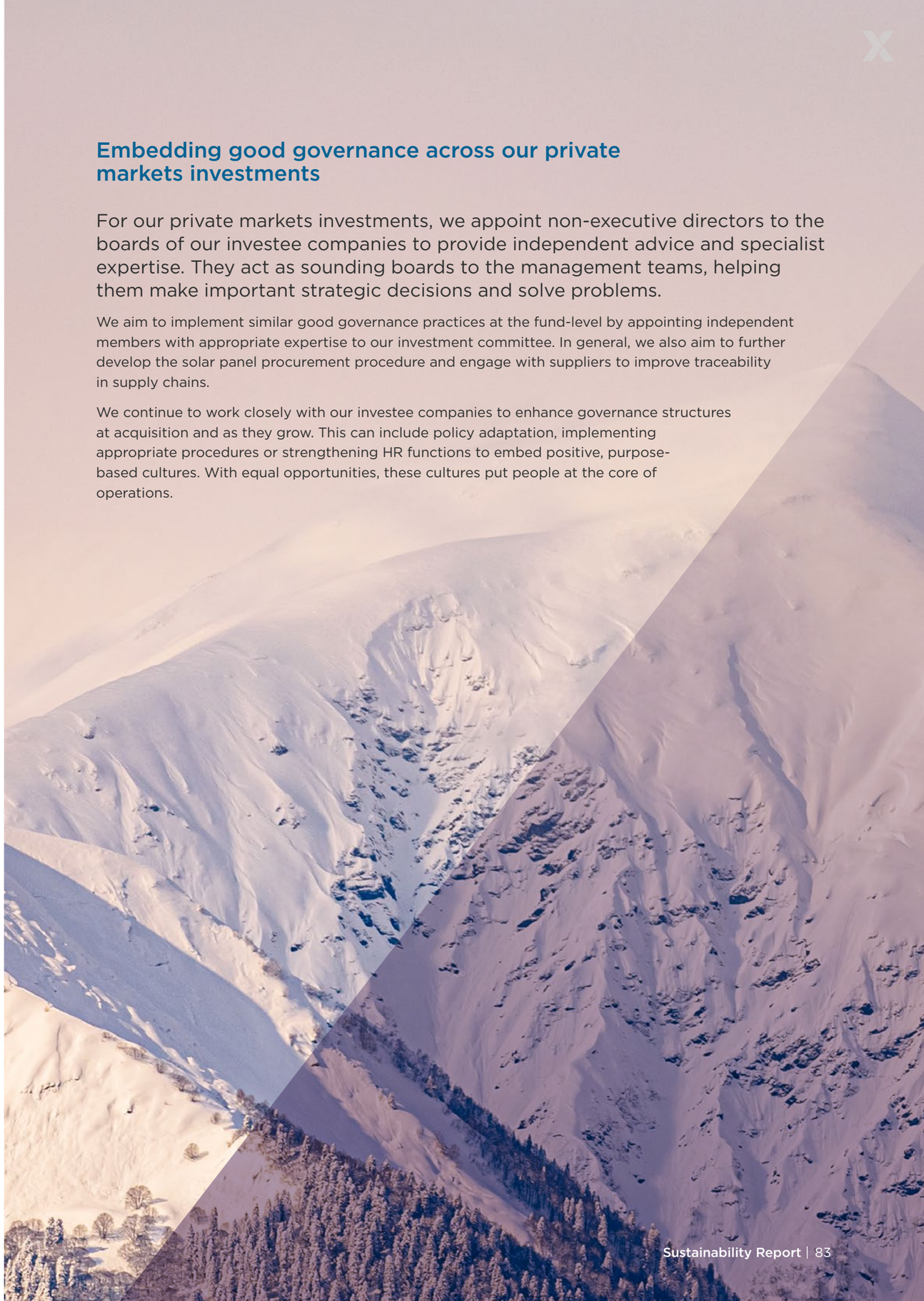
For further details of these six pillars and the Impax Governance Framework, see our Proxy Voting Guidelines.

Embedding good governance across our private markets investments

For our private markets investments, we appoint non-executive directors to the boards of our investee companies to provide independent advice and specialist expertise. They act as sounding boards to the management teams, helping them make important strategic decisions and solve problems.

We aim to implement similar good governance practices at the fund-level by appointing independent members with appropriate expertise to our investment committee. In general, we also aim to further develop the solar panel procurement procedure and engage with suppliers to improve traceability in supply chains.

We continue to work closely with our investee companies to enhance governance structures at acquisition and as they grow. This can include policy adaptation, implementing appropriate procedures or strengthening HR functions to embed positive, purpose-based cultures. With equal opportunities, these cultures put people at the core of operations.



5.2 INFLUENCE

Driving change through stewardship and advocacy

During 2025, we prioritised the following governance sub-themes for stewardship and advocacy across our listed investments:

- Board composition and structure
- Executive compensation
- AI governance

Stewardship

We engage with investee companies — particularly in regions where ownership structures or regulation can pose challenges — to adopt governance structures that promote accountability and transparency and enhance long-term value creation.

The governance of AI has been a key engagement theme for us during 2025. Please see page 21 for further details of our recent activity in this area.

32%
of engagements in 2025 focused on Governance

Voting support for eligible shareholder proposals on governance

Governance
Executive compensation; board leadership structure; shareholder rights

Below is an illustrative example of a governance-related company engagement that we undertook during 2025 for our listed investments. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY

Company engaged
Daifuku
A Japan-listed supplier of a range of automated material handling solutions.

Engagement type
Individual

Objectives
- Improve board independence and board gender diversity
- Appoint a lead independent director

Activities
We have engaged with Daifuku since 2022 on board composition and diversity, with the company reporting board refreshment, expanded efforts to diversify senior talent and address pay equity, and the integration of sustainability topics into board director training.

Progress and outcomes
With the appointment of four independent directors in 2025–26, Daifuku has improved board gender diversity to 33% and independence to 56%. The Lead Independent Director role remains informal however, and transparency on pay equity and workforce diversity remains an ongoing engagement focus.

Advocacy

Effective corporate governance underpins long-term value creation by strengthening board oversight, protecting shareholder rights and improving the transparency and quality of company reporting. We use our investor voice to support higher governance standards through a mix of direct engagement and participation in investor networks and governance forums, including the Asian Corporate Governance Association (ACGA), the Council of Institutional Investors, the International Corporate Governance Network (ICGN) and the ICCR.

In 2025, we continued to focus on Asia, especially strengthening board composition and improving governance transparency in China and Japan.

Below are two illustrative examples of governance-related advocacy initiatives that we undertook in China and Japan, respectively, during 2025. Further details can be found in our 2026 Stewardship & Advocacy Report.

CASE STUDY

Advocacy initiative

China's corporate governance framework

Objectives

To support improvements in China's corporate governance framework, including stronger board independence, enhanced transparency and better protection of minority shareholders.

Activities

In 2025, we contributed to consultations on updates to China's Corporate Governance Code and co-signed an investor letter advocating for stronger governance and disclosure practices to enhance the attractiveness of China's capital markets to long-term investors.

Progress and outcomes

Our advocacy helped shape the investor voice on governance reform and market transparency, and we will continue engaging with policymakers and market participants to support reforms that enhance transparency, accountability and long-term value creation in China's capital markets.

CASE STUDY

Advocacy initiative

Japan's stewardship and corporate governance framework

Objectives

To support the continued strengthening of Japan's stewardship and corporate governance frameworks and encourage effective engagement between institutional investors and listed companies.

Activities

We submitted feedback to Japan's Financial Services Agency (FSA) on the third review of the Stewardship Code, urging stronger stewardship practices and clearer reporting, and co-signed an ACGA-coordinated investor letter supporting further enhancements to Japan's stewardship and corporate governance framework.

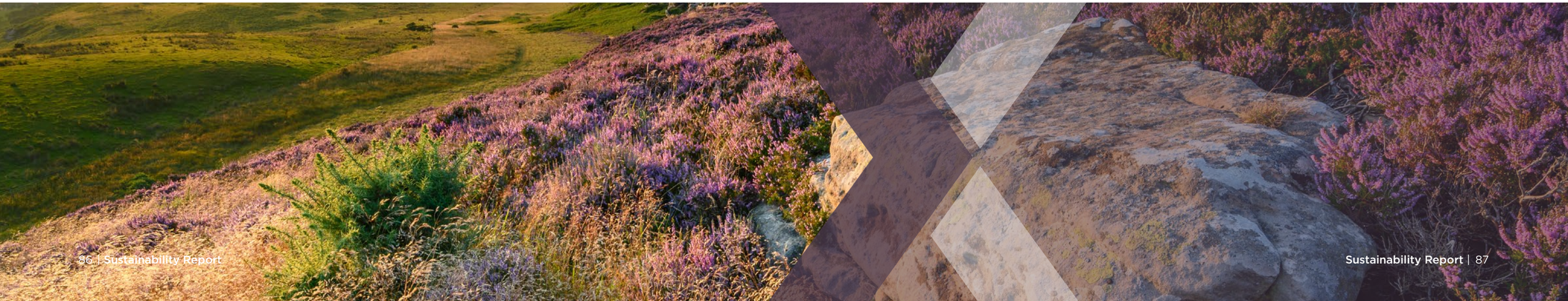
Progress and outcomes

The review marks the continued evolution of Japan's stewardship framework, with collaborative investor advocacy helping embed global investor perspectives, and we will continue engaging with regulators and industry groups to support further improvements in stewardship practices.

Thought leadership

Highlights of our recent governance-related thought-leadership include:

- Insights: Why AI governance matters to investors



Corporate sustainability

Our mission is rooted in contributing to a more sustainable society, placing sustainability at the core of our approach.

We aspire to run our business in line with best practices of governance, we focus on diversity and inclusion, and measure our own environmental footprint annually. We also support community partners both financially and through direct participation.

The following reporting on our corporate sustainability activities covers our 2025 financial year (ending 30 September 2025), to align with the disclosures in our Annual Report.

6. Our environmental footprint

Impax is an office-based business and our operational Scope 1 and 2 emissions stem from both the energy and electricity use and consumption across our offices globally. The largest source of GHG emissions is Scope 3 business travel.

This table below shows our total operational GHG and energy data and is in line with the Streamlined Energy and Reporting (SECR) requirements for the 12 months ending 30 September 2025 ("the Period").

The company's total global energy consumption was 365 MWh, up 10% compared to the previous period. The London and New Hampshire offices accounted for 52% and 37% of this total, respectively, with global energy use covering both energy use for heating and electricity consumption.

The increase in operational GHG emissions intensity generally reflects a reduction in the firm's AUM over the Period. Emissions are largely attributable to an increase in office floor space in New Hampshire from April 2024, noting that this location makes up the highest share of our Scope 1 emissions. Our Scope 3 emissions also increased moderately over the Period, which reflects a slight increase in business travel.

Company-level operational GHG emissions

		Absolute			Intensity		
GHG Emissions	Unit	FY25	FY24	Change	FY2025 tCO_2e/ AUM	FY2024 tCO_2e/ AUM	Change tCO_2e/ AUM
Direct (Scope 1, natural gas)[25]	tCO_2e	**24.4**	18.7	30.7%	**0.7**	0.4	84.2%
Indirect (Scope 2, electricity consumed, location-based approach)[26]	tCO_2e	**84.4**	75.3	12.2%	**2.4**	1.5	59.6%
Indirect (Scope 2, electricity consumed, market-based approach)[27]	tCO_2e	**7.0**	6.7	4.9%	**0.2**	0.1	53.8%
Value chain (Scope 3, Category 6: business travel only)[28]	tCO_2e	**385.7**	373.6	3.3%	**11.0**	7.5	46.6%
Impax total (Scope 1, 2 & 3; market-based approach)	tCO_2e	**417.1**	398.9	4.6%	**11.9**	8.0	48.5%

We are committed to monitoring and reducing our own operational emissions and we seek to limit physical climate risks. Our company-wide operational environmental target in relation to Scope 2 emissions: to source 100% of our electricity from renewable sources across all Impax offices (from electricity use) by 2030.

During the Period, we have implemented some energy efficiency measures in our London office, including a review of our Building Management System (BMS) controls in conjunction with the building's facilities team. We are currently investigating the BMS free cooling function: a ventilation strategy that utilises cooler outdoor air during the night to reduce indoor temperatures without relying on mechanical cooling systems.

94%
of our electricity from renewable sources over the financial year 2025

95%
of our electricity from renewable sources over the financial year 2024

25 Scope 1, operational emissions: This comprises on-site natural gas consumption for heating purposes in the London (UK), Portsmouth (New Hampshire, US) and Copenhagen (Denmark) offices. We have applied the UK Government Defra conversion factor (2025) for natural gas consumption in our London office, the EPA GHG emissions factors (2025) for our Portsmouth office, and the Danish Energy Agency districting heating conversion (2022) for our Copenhagen offices. We also confirmed that there remains no natural gas consumption for heating purposes in our Hong Kong, Dublin (Ireland), New York City (US) and Tokyo (Japan) offices.

26 Scope 2 location-based emissions: We have used the IEA 2022 estimated emission factors (IEA 2023) for our London, Dublin, Hong Kong, Tokyo and Copenhagen electricity consumption. We have applied the eGrid (2023) New England and New York regional factors to our US offices rather than the state-level factor, in recognition that electricity is purchased from a regional, not state-based system. We feel this is a more conservative approach.

27 Scope 2 market-based emissions: our London, Dublin, Portsmouth, Tokyo and Copenhagen offices purchased 100% certified renewable electricity in the reporting year. For our Hong Kong offices, we use the reported conversion factor from Hong Kong Electric, and for our New York office, we use the 2022 Green-e (2024) Residual Mix Emission Rates.

28 Scope 3 business travel emissions: All air travel and rail travel distance data provided by our by our third-party corporate travel provider for the Period has been used to calculate associated business travel emissions, by applying the relevant UK government DEFRA/BEIS emissions factors (including radiative forcing) by flight distance (domestic, short-haul, long-haul and international) and flight class (economy, premium economy and business). While business travel by hire cars and buses is limited, staff expense these journeys retrospectively and we have not been able to capture associated travel or emissions data of these journeys. During the Period, there has been an increased use of our corporate travel booking system by Impax staff, which has led to more complete data on business travel and therefore an increase in air travel.

7. Inclusive culture

We believe that inclusion is critical to the success of the companies in which we invest, to our own organisational excellence, and in creating opportunity in the communities in which we operate.[29]

Our vision is to continue to build an inclusive, equitable culture where everyone feels they belong, are valued as individuals and can thrive – bringing all aspects of themselves to work.

Equity, diversity and inclusion continues to be central to our investment and engagement process, incorporated through consideration of diversity indicators in our fundamental Corporate and Issuer Analysis research, and through our established track record of principled proxy voting, successful company engagements and collaborative public policy engagements on human capital issues.

We aim to work with firms across the value chain that are actively participating in the transition to a more sustainable economy, including our investee companies and companies with which we engage, as well as our partners, vendors and suppliers.

Governance and accountability

The colleague-led Inclusive Culture Group is responsible for company strategy in this area and reports regularly to the Senior Leadership Team and the Board. It is sponsored by chief executive Ian Simm, with Julia Bond as its Non-Executive Director sponsor. The Inclusive Culture Group meets quarterly to align on ideas, actions and progress, and to communicate feedback from colleagues.

Aspirational goals and objectives

In 2024 we introduced new aspirational goals related to Inclusive Culture, following a benchmarking exercise, which analysed our demographic profile, the markets in which we operate, and comparing ourselves with our peers.

For December 2027, we aim that:

- Impax's overall workforce should be 48%–52% women
- Impax's overall workforce should be 28%–32% from minority ethnic groups
- Impax's senior staff should be 38%–42% women
- Impax's senior staff should be 14%–18% from minority ethnic groups

29 Diversity can be defined as the presence of difference within a given context, such as an organisation. Equity means people have fair access, opportunity, resources and power to thrive. The goal is to achieve greater fairness of treatment and outcomes. Inclusion can be described as the actions taken to understand, embrace and leverage the unique strengths and facets of identity for all individuals so that they feel welcomed, valued and supported. From UN PRI PRI: Diversity Equity and Inclusion.

Demographics and progression

Understanding our demographics and sharing this information with our stakeholders is a key pillar of our Inclusive Culture strategy to find and retain diverse talent. We aim to create an inclusive workforce at all levels of our organisation.

We continue to collect demographic information using our own HR system; the data is reported on an anonymous basis and with the individual agreement of each colleague. We analyse these changes year-on-year and report to senior management and the Board on our progress against our aspirational goals.

As at September 2025, 46% of colleagues identify as female (2024: 48%), two percentage points below our aspirational 2027 goal; 25% identify as minority ethnic groups (2024: 25%), three percentage points below our aspirational goal. Meanwhile, 38% of senior staff identify as female (2024: 37%), reaching our 38%–42% goal, while 15% of senior staff (2024: 14%) identify as Asian, Black and from additional ethnic groups, in line with our aspirational goal range.

As at September 2025, 43% of Board members are female and 14% of the Board identify as Asian, Black or from additional ethnic groups.

	Female	Male	Prefer not to disclose gender
Total company	46%	53%	1%
Board	43%	43%	14%
Senior leadership team	35%	65%	0%
Senior staff	38%	60%	2%
Investment team	25%	72%	3%
Promotions	45%	55%	0%
Leavers	53%	47%	0%
Equity participation	42%	57%	0%

	Asian	Black	Additional ethnic groups	Asian, Black & additional ethnic groups	White	Prefer not to disclose race/ ethnicity
Total company	13%	6%	6%	25%	74%	1%
Board	0%	14%	0%	14%	86%	0%
Senior leadership team	6%	6%	0%	12%	88%	0%
Senior staff	10%	3%	2%	15%	83%	2%
Investment team	18%	3%	10%	31%	67%	3%
Promotions	23%	2%	9%	34%	64%	2%
New hires	10%	6%	6%	22%	77%	0%
Leavers	16%	7%	2%	25%	75%	0%
Equity participation	13%	4%	4%	21%	78%	1%

GENDER PROGRESSION	Female	Male	Prefer not to disclose gender
2025	**46%**	**53%**	**1%**
2024	48%	52%	1%
2023	47%	52%	2%

ETHNICITY PROGRESSION	Asian	Black	Additional ethnic groups	Asian, Black & additional ethnic groups	White	Prefer not to disclose race/ ethnicity
2025	**13%**	**6%**	**6%**	**25%**	**74%**	**1%**
2024	14%	6%	5%	25%	74%	1%
2023	15%	4%	6%	25%	74%	2%

Gender pay gap

Our gender pay gap analysis compares the median base pay of men and women across all positions in three groups – junior staff, mid-level staff and senior staff.

The median pay gap has decreased at all three levels and there has been significant progress to address the gap at the junior level over the last two years. As in 2024, the highest gap is at the senior level, where the distribution of male employees in more highly-paying investment roles reflects broader industry trends, where senior roles in asset management have traditionally been held by more males.

We remain focused on increasing the number of women in our business and are focused particularly on promotion pathways to the senior staff (Director) level as articulated in our aspirational goals, and to the continued examination of in-level pay differences, including using robust external pay benchmarking data.

	Senior	Mid-level	Junior
2025	**7.3%**	**6.2%**	**5.2%**
2024	11.5%	7.4%	9.2%
2023	7.1%	5.6%	21.7%

Data for 2023 and 2024 is as at April in the respective year. 2025 is at September 2025.

Talent

To ensure we are reaching candidates from all backgrounds and objectively evaluating processes to understand and monitor trends throughout the hiring process, we have:

- Ensured a solid foundation is in place for reducing bias in the recruitment process by examining language in job descriptions
- Provided training materials for the HR team to reduce unconscious bias in the recruitment process
- Developed a set of questions for hiring managers to eliminate bias in the interview process where possible
- Launched a GDPR-compliant applicant tracking system, to collect demographic information on candidates
- Ensured that hiring practices and instructions to recruitment firms include, where practicable, female and/or racial/ethnic minority candidates for every open role

Our focus on talent development and promotion pathways includes the following:

- Monitoring and supporting, where appropriate, the progression of female and minority racial and ethnic individuals to senior levels of the organisation
- Participation in mentorship schemes, including developing Impax's first internal programme for over 50 participants in September 2025, and Inclusion in Finance's (formally the Diversity Project) Pathway programme, for developing female investment professionals into portfolio managers and traders
- A Women's Development Day Conference for UK female colleagues.

Inclusion, education and engagement

Much of our internal communications activity is coordinated by the employee-run Impax Inclusion Network. This Network ran a regular speaker series during the Period to broaden education and awareness of issues related to inclusive culture.

Partnerships and social impact

We partner with organisations that spotlight the unique challenges faced by women and minorities within the investment industry and are an active member of Inclusion in Finance.

Investments

Our investment strategies look to identify companies that are well positioned to benefit from the transition to a more sustainable economy, including a focus on human capital issues such as equity, diversity and inclusion. We are a pioneer in gender lens investing and launched the Global Social Leaders strategy in 2024. This uses the Impax Corporate Culture Indicator, a proprietary framework that seeks to assess workplace factors to help evaluate broader corporate culture.

'People', which includes equity, diversity and inclusion, is also one of Impax's four firm-wide sustainability priorities. Please refer to Section 4 of this report.

8. In the community

Our Value of “Doing better together” recognises that we have a responsibility to build a thriving and more sustainable future, including for our wider community.

We are committed to sustainable development and to stewarding our environmental and societal impact for the benefit of current and future generations.

Community partners

In line with our mission and values, we are committed to sustainable development, and to stewarding our environmental and societal impact for the benefit of current and future generations.

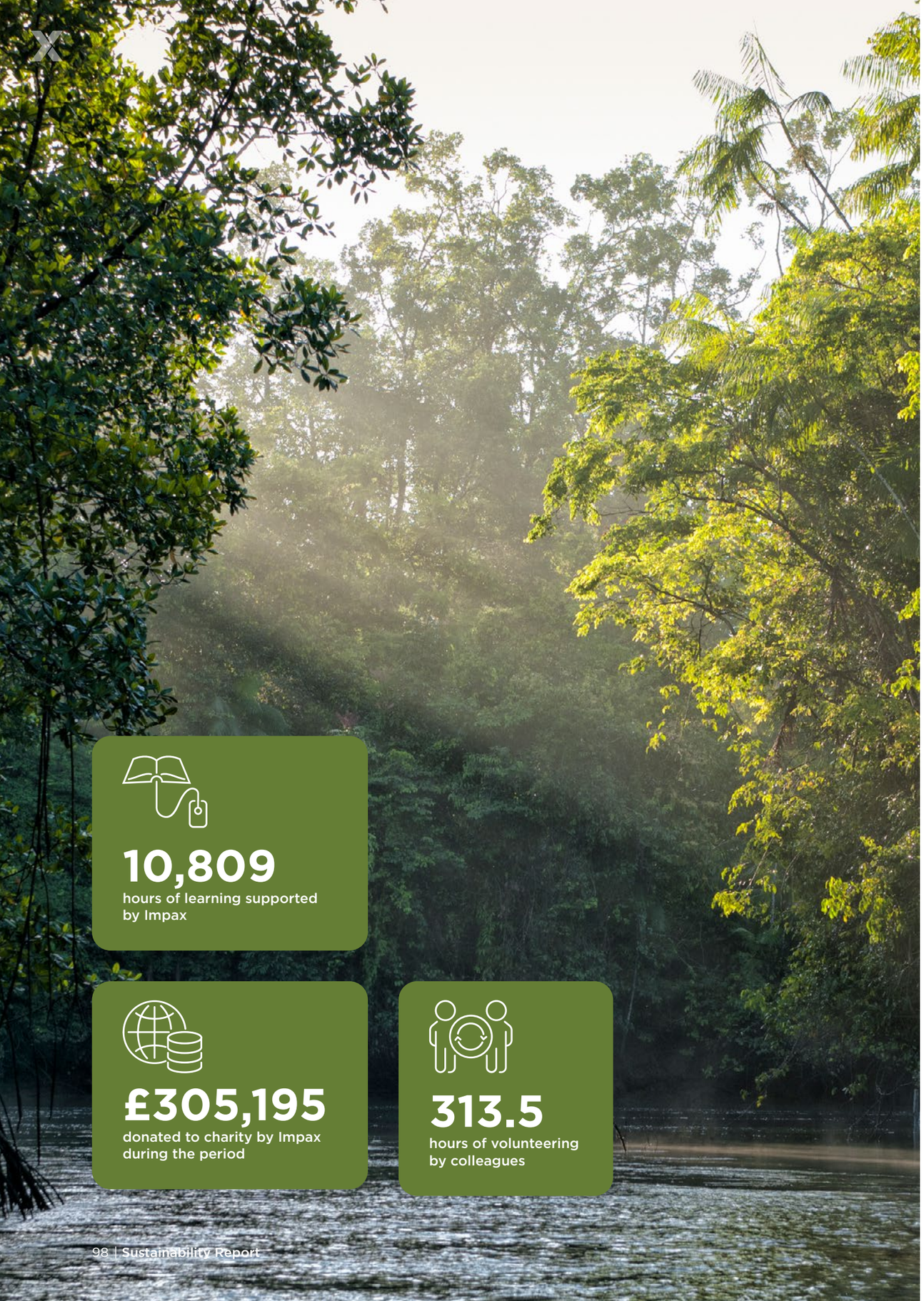
Impax partners with organisations that reflect our long-term focus of investing in the transition to a more sustainable economy.

During the period, we donated £305,195 to charitable causes (2024: £563,047). This was in line with our new commitment to donate 0.5% to 1% of pre-tax profit to support our charitable partners.

We continue to focus our efforts on forming multi-year strategic partnerships with charities in education and developing skills in the green economy.

During the period, we maintained our relationships with:

- Ashden (UK)
- Country Trust (UK)
- Groundwork UK (UK)
- basis.point (Ireland)
- HOPE Program (US)
- Ceres (US)
- Pax Scholarship (US)



A closer look

Country Trust

We continued our partnership for the third year to support the charity to expand its "Food Discovery" programme, which connects primary-aged school children in the UK with food, sustainability and farming.

The schools chosen on the Food Discovery programme have a higher than-average percentage of children eligible for Free School Meals and children with special educational needs. The programme delivery includes farm visits, in-class sessions and playground markets.

Over the Period, the Food Discovery programme supported by Impax helped 10 schools and 463 children to receive over 6,786 learning hours delivered across 160 sessions in London, Essex and Norfolk.

Groundwork UK

Our partnership supports young people from underrepresented communities into work in the green economy in Leeds and Manchester, both cities with previously high carbon industry and high youth unemployment.

The Impax Green Jobs pathfinder is the next step in the journey for trainees to explore future careers in a sheltered setting whilst receiving paid work on short to six-month contracts. They are placed in roles within local companies operating in different areas of the green economy, from delivering energy advice to low-income households to promoting the conservation of land and green spaces.

During the Period, the Groundwork programme supported by Impax placed nine participants, receiving 4,023 hours of training and support.

Volunteering and giving

All Impax employees are given paid leave to volunteer and are encouraged to give back to their communities. In total, colleagues volunteered 313.5 hours during the Period.

Impax's Community Cause of the Year aims to unite all colleagues globally around a single cause, with a local charity in each area. Colleagues this year voted to support mental health charities, working with a relevant charity in each of our offices to combat the issue.

Impax colleagues globally also have access to matched giving schemes. Impax was awarded a Diamond Award from the UK's Charities Aid Foundation for its participation in the UK giving scheme – its highest accolade.

Appendix: policy and context disclosures

Appendix 1: Memberships[30]

	Climate	Nature	People	Governance	Sust. Finance
Tier 1: Leadership role[27]					
Asian Corporate Governance Association (ACGA)				●	●
Ceres	●	●			●
Confederation of British Industry (CBI)	●				●
Inclusion in Finance (formerly 'The Diversity Project')			●		
Institutional Investors Group on Climate Change (IIGCC)	●	●			
Investor Policy Dialogue on Deforestation (IPDD)		●			
Sustainable Markets Initiative (SMI)	●	●			
UK Net Zero Council	●				
US Sustainable Investment Forum (US SIF)					●
Tier 2: Active engagement[28]					
China Climate Engagement Initiative	●				
Climate Financial Risk Forum	●				●
Energy Transitions Commission	●				
FAIRR		●			
Finance Sector Deforestation Action		●			
Glasgow Financial Alliance for Net Zero	●				
Interfaith Center on Corporate Responsibility (ICCR)				●	
International Corporate Governance Network				●	
International Financial Reporting Standards (IFRS)					●
Invest Ahead			●		
Investment Association (IA)	●				●
Investors Against Slavery and Trafficking (Asia Pacific)			●		
Nature Action 100		●			
Northeast Investors Diversity Initiative			●		
Principles for Responsible Investment (PRI)					●
ShareAction Investor Decarbonisation Initiative	●				
Taskforce on Nature-related Financial Disclosures		●			●
Transition Finance Council	●				●
UK-China Green Finance Taskforce	●				●
UK Sustainable Investment and Finance Association (UKSIF)					●

	Climate	Nature	People	Governance	Sust. Finance
Tier 3: Supporter[33]					
Carbon Disclosure Project	●				●
Climate Action 100+	●				
Confluence Philanthropy					●
Council of Institutional Investors				●	
Financing a Just Transition Alliance			●		
Global Adaptation & Resilience Investment	●				
Global Investor Coalition on Mining	●	●	●		
Investor Environmental Health Network		●			
Long-term Investors in People's Health Initiative			●		
Net Zero Asset Managers Initiative	●				
Shareholder Rights Group				●	●
Spring: A PRI stewardship initiative for nature		●			
Sustainable Investment Institute	●				●
WBA: Collective Impact Coalition for Violence & Harassment			●		
Wind Europe	●		●		
Tier 4: Signatory					
30% Club (Hong Kong Chapter)			●		
CFA DEI Code (USA and Canada)			●		
Plastic Solution Investor Alliance		●			
Race at Work charter			●		
UK Stewardship Code					●
Women in Finance charter			●		
Women's Empowerment Principles			●		

Tier 1: Leadership roles

ACGA	**Chair of China Working Group:** Nana Li[34]
Ceres	**Corporate Sponsor**, Investment Practices Working Group
CBI	**Chair of Energy Transition Committee:** Ian Simm[35], **Chair of Sustainable Finance Working Group:** Shahbano Soomro[36]
Inclusion in Finance	**Board member:** Darren Johnson[37], Stuart White[38]
IIGCC	**Board member:** Ian Simm, **Co-Chair of UK Policy Working Group:** Chris Dodwell[39] **Co-Chair of EU Policy Working Group:** Lucas Penfold[40]
IPDD	**Co-Chair of Consumer Countries Working Group:** Chris Dodwell
SMI	**Project lead (Extreme Weather Risk):** Ian Simm, Shahbano Soomro
UK Net Zero Council	**Council member:** Ian Simm
US SIF	**Board member:** Ed Farrington[41]

30 As at 31 December 2025
31 Includes memberships where we perform a leadership role, including as a board member or chair of a working group/committee
32 Covers memberships where we play an active engagement role, such as participating in working groups

33 Includes other memberships not covered by Tiers 1 and 2 (e.g. being a member, signatory, or participant)
34 Head of Sustainability & Stewardship, Asia-Pacific
35 Founder & CEO
36 Sustainable Investment Research & Strategy
37 Global Chief Operating Officer
38 Executive Director, Business Development
39 Co-Head of Impax Sustainability Centre
40 Head of Sustainability Reporting
41 President, North America

Appendix 2: Mapping of Climate disclosures to TCFD recommendations

The table below sets out the original TCFD-recommended disclosures and where each disclosure is addressed in this report.

We use TCFD as the reference here on the basis that the FCA's climate-related disclosure requirements – which we implement through this report – reference to these TCFD recommendations.

TCFD recommended disclosure	Section of our Group Sustainability Report where this is addressed
TCFD pillar: Governance	
a) Describe the Board's oversight of climate-related risks and opportunities.	Section 1.4
b) Describe the management's role in assessing and managing climate-related risks.	Section 1.4
TCFD pillar: Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Section 2.1
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Section 2.1
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Section 2.1
TCFD pillar: Risk management	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Section 2.1
b) Describe the organisation's processes for managing climate-related risks.	Sections 2.1 to 2.3
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Section 2.1
TCFD pillar: Metrics and targets	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Section 2.4
b) Disclose Scope 1, 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	Section 2.4
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Section 2 (Introduction) and Section 2.4

Appendix 3: Climate-related metrics methodology

The table below sets out the original TCFD-recommended disclosures and where each disclosure is addressed in this report.

We use TCFD as the reference here on the basis that the FCA's climate-related disclosure requirements – which we implement through this report - reference to these TCFD recommendations.

Metric title	Metric	Summary of methodology for calculating metric
Net-zero target (NZAM): Transition alignment – 'aligned' & 'aligning'/'non-aligned'	% AUM	We have assessed the alignment of our portfolio companies' climate management and processes to the net-zero transition based on the PAII NZIF. Since our 2024 Climate Report, we updated our methodology to align with NZIF 2.0's scoring framework, and the latest industry guidance on assessing corporate climate transitions. Our approach is also aligned with the GFANZ Financial Institution NZTP guidance.[42] We continue to assess corporate net-zero alignment based on robust near- and long- term targets, climate transparency and appropriate risk pricing, management strategies, and credible action plans. While we continue to focus on these critical aspects of sound climate risk management and net-zero alignment, a key evolution in our guidance is an increased emphasis on a company's performance (e.g. progress relative to targets) and the concrete actions it is undertaking to achieve targets. As a result of this shift, the guidance provides a higher threshold for companies to be classified as 'aligned' or 'aligning', in line with NZIF 2.0's view on net-zero alignment. Impax's updated guidance also provides a more stringent set of criteria for companies in material sub-industries, based on NZIF 2.0 classification, versus past guidance that was industry-neutral. Finally, there is greater clarity on the assessment of climate risk management. We actively engage with our investee companies, with our 'asks' highlighted by our 'net-zero transition alignment' definition. That includes the setting of actionable absolute near- and long-term science-based GHG emission reduction targets (i.e. in line with at least a 'well-below 2°C' scenario), on a trajectory with value-chain net zero, ideally approved by the SBTi. Our 2030 target under NZAM has been approved by IIGCC, a founding partner of the NZAM initiative. IIGCC assessed that our target followed the PAII Net Zero Investment Framework.

42 GFANZ, November 2022: Financial Institution Net-zero Transition Plans: Fundamentals, Recommendations, and Guidance

Metric title	Metric	Summary of methodology for calculating metric
Avoided GHG emissions	tCO_2e / US$1mn invested	**Active listed equities** 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 recognise that there is not yet a universally agreed-upon, standardised methodology for calculating avoided emissions. Despite the progress made by the 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. *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. *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.
Avoided GHG emissions (continued)	tCO_2e / US$1mn invested	*Estimating avoided emissions (continued):* • 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. **Private markets** Avoided GHG emissions are calculated based on actual production from the operating renewable energy assets. Impax's impact methodology is based on equity value and carbon avoided relative to country-specific grid electricity generation. Data is as at 31 December 2025, using the IEA emission factors database as at December 2023.
Financed emissions (FCA mandatory metrics)		
Scope 1 & 2 emissions	tCO_2e / US$1mn invested	**Active listed equities** We have gathered all GHG emissions data disclosed by our investee companies, estimating Scope 1 and 2 emissions where those are not reported.[43] For missing Scope 1 and 2 data, we have used a Bloomberg methodology that estimates emissions based on a precise peer grouping of companies. We do not use estimates for Scope 3 emissions, for which data disclosed by companies remains patchy and we continue to make the case for stronger reporting through engagement. Direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) were included in our analysis. Scope 2 emissions included in analysis are market-based where this information is available. Other indirect emissions (Scope 3, for example, air travel and waste) are also included where available. GHG emissions are measured in CO_2 equivalents, which includes GHG emissions from methane and nitrous oxide, or CO_2 depending on data availability. **Systematic listed equities** The financed emissions metrics for Impax's Systematic Listed Equities strategies have been calculated using Scope 1, 2 and 3 GHG emissions data sourced from MSCI. **Fixed income** The financed emissions metrics for Impax's fixed income strategies have been calculated using Scope 1, 2 and 3 GHG emissions data sourced from ISS. **Private markets** GHG emissions are calculated was using supply-chain emissions during the construction phase in line with the GHG Protocol.
Scope 3 emissions	tCO_2e	
Total GHG emissions	tCO_2e	
Total carbon footprint	tCO_2e / US$1mn invested	
WACI Scope 1 & 2	tCO_2e / US$1mn revenue	

43 67% of the Active listed equities holdings assessed as part of our most recent impact reporting reported Scope 3 emissions data that were used in our calculations.

Metric title	Metric	Summary of methodology for calculating metric
Climate-related risks		
Exposure to carbon risk	% portfolio AUM	This analysis is an output of Impax's updated carbon risk model, a proprietary tool that incorporates the carbon price path of seven scenarios published by the NGFS. These are: 'Net Zero 2050', 'Low Demand', 'Below 2 Degrees', 'Delayed Transition', 'Nationally Determined Contributions', 'Current Policies', 'Fragmented World'. By incorporating all scenarios, the model can now better avoid overestimating companies' potential EBIT reductions due to carbon pricing – a potential consequence of focusing on only most ambitious scenario ('Net Zero 2050'). The tool calculates individual companies' potential EBIT reduction due to carbon pricing based on their Scope 1 and 2 emissions. We now calculate potential EBIT reductions as a single year value at the end of two discrete time periods, 2030 and 2050, to provide both short-term and long-term views. Our earlier model used 2025, a now redundant time horizon, as the basis for estimation. The assumed carbon prices (expressed in US$/tonne CO_2) for each NGFS scenario and time horizon are sourced directly from NGFS for 'Organisation for Economic Cooperation and Development (OECD) & EU' and 'Global' separately. The underlying emissions data is sourced from a proprietary Impax model, which draws upon Scope 1 and 2 emissions data gathered from publicly available company disclosures. The underlying EBIT data refers to the latest full financial year of individual companies. The tool now also incorporates the concept of 'cost pass-through', a mechanism by which individual companies increase the prices of products and/or services in an effort to maintain rates of profitability. For the outputs shown above, a cost pass-through of 80% has been assumed across all sectors. However, the tool does not incorporate the price elasticity of demand of individual companies and changes in demand for products or services due to price increases are, therefore, not accounted for.
Exposure to physical risks	% portfolio AUM	**Active listed equities** *Scenario analysis on AAE to acute risks in 2020 to 2039* For all of our Active listed equities holdings as at end 2024, we collected data representing their respective asset locations by country in 30 major economies, using various sources and revenue exposure where no data was unavailable.[44] This was overlaid with climate data on three hazards: extreme heat, extreme precipitation and drought sourced from the World Bank, representing a time period from 2020 to 2039.[45] This data was used to calculate an "Average Annual Exposure" metric for each investee company which describes the extent to which over an average year, these hazards could impact each company and/or asset. This exposure metric is calculated across three CMIP6 (latest generation) scenarios (SSP1-1.9, SSP2-4.5, SSP3-7.0). Given the limited time horizon (2020 to 2039), we noted minimal variation in the acute risk exposures under the three distinct scenarios, applying an average probability interval (50th percentile). We do not expect a significant level of variability across the three scenarios presented over the time period assessed given the effect of already-baked-in warming. However, we wanted to explore three scenarios, the first of which represents ambition with regards to the full, complete and efficient climate transition which may result in warming kept to around 1.5°C in the long term, although unlikely (SSP1-1.6). Secondly, an optimistic scenario is employed which can be viewed as in-line with 2°C of warming out to 2050 (SSP2-4.5). Finally, an upper bound is established with the climate responses within the SSP3-7.0 scenario.

44 Where there was no specific country-level location data available, revenue (%) by geography was used as a proxy
45 Extreme Heat' days are defined as those with greater than 35°C on the World Bank Heat Index (a measure that considers temperature and humidity). This measure is therefore a higher bar than a simple measure of temperature, which may partially explain the magnitude being lower than we may have expected. See World Bank metadata 'Extreme Precipitation' days are defined as those with greater than 50mm of rainfall. See World Bank metadata (2021) Expressed as a maximum number of consecutive dry days per year. See above for metadata document source

Metric title	Metric	Summary of methodology for calculating metric
Exposure to physical risks (continued)	% portfolio AUM	Given the reliance on country-level information, it is clear that a limitation of this methodology is that sub-national granularity is lost. We will look to develop this over time as we improve the quality and completeness of our asset-level data, but believe that country-level exposure remains a relevant proxy, especially given the general and international diversification of a majority of the holdings assessed. *Forecast of exposure to acute risks in 2030* For other acute risks, a forecast is provided of exposure in 2030 to the following risks: cyclones and floods (accounting for both river floods and coastal floods). This is expressed as exposure to 'high risk' assets – those expected to be impacted significantly in the event of the reference hazard. Forecasted exposure to cyclone risk in 2030 is notably rather high. It does however reflect the binary nature of cyclone risks: if there is exposure to cyclones, the risk will likely be high (i.e., no low risk exposure to hurricanes). For both AAE and forecasted acute risks, there are some instances where asset-level information was unavailable through any of our data collection approaches. For these companies, an average of the overall sample was applied. *Impax Vulnerability Score* Investee company vulnerability or resilience to physical climate risks is expressed in a proprietary Impax Vulnerability Score reflecting a combination of 1) investee companies' physical climate risk practices,[46] 2) sub-industry level materiality of physical climate risks,[47] and 3) country-level readiness/vulnerability (i.e., the relevant macroeconomic context).[48] Quintile scores for each of these three elements are averaged to derive an overall proprietary vulnerability score, on a five- point basis translated to a qualitative relative vulnerability 'flag'. **Private markets** To assess location-specific physical risks, we have developed a proprietary physical climate risk tool that applies the updated CMIP6 RCP-scenarios: specifically, the SSP1-2.6, SSP3-7.0 and SSP5-8.5 scenarios, where possible. The following metrics are assessed: temperature change, precipitation change, water stress, drought risk, flood risk, cyclone risk and wildfire risk. Our methodology views physical climate risk as a function of hazard, exposure and vulnerability. Hazard refers to a climate event (acute) or chronic change in climate and is assessed using downscaled global data from the CMIP6 projections. Exposure is assessed using the exact locations of each asset, and vulnerability is assessed qualitatively on a project-by-project basis. Where necessary, it is possible to leverage alternative and highly localised datasets to contextualise results further.

46 Impax fundamental Corporate Resilience analysis. Scoring of a company's physical climate risk practices in the proprietary stock level (1–5 score; 1 best practice > 5 worst
47 Impax fundamental Corporate Resilience analysis. GICS sub-industry level-physical climate risk score (1–5 score; 1 low risk > 5 high) underpinning the Climate Change risk in the Impax Sustainability Lens tool
48 Notre Dame Global Adaptation Initiative, May 2023: Country Index. Country index dataset turned into quintiles (1–5; Q1 lowest vulnerability > Q5 highest

Appendix 4: Mapping of Nature disclosures to TNFD recommendations

The table below sets out the TNFD's recommended disclosures, and how these are addressed within our Sustainability Report. Where relevant, the table includes commentary on where we intend to evolve our approach to aligning to the TNFD recommendations.

TCFD recommended disclosure	Section of our Group Sustainability Report where this is addressed
TCFD pillar: Governance	
a) Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	Section 1.4
b) Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Section 1.4
c) Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Section 3.3, which explains our engagement with investee companies on their integration of human rights policies, governance and engagement with local communities into their assessment of nature-related risks and opportunities.
TCFD pillar: Strategy	
a) Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	Section 3.1
b) Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Section 3.1
c) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	Section 3.1
d) Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Section 3.1

TCFD recommended disclosure	Section of our Group Sustainability Report where this is addressed
TCFD pillar: Risk and impact management	
a) (i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	Section 3.1
a) (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	Section 3.1
b) Describe the organisation's processes for monitoring nature-related dependencies, impacts, risks and opportunities.	Sections 3.1 to 3.3
c) Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	Sections 3.1 to 3.3 (but note that we have not yet formally included any nature-related risks on Impax's Risk Register)
TCFD pillar: Metrics and targets	
a) Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	Section 3.4
b) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	Section 3.4
c) Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	N/A – we do not have any specific nature-related targets

Appendix 5: Nature-related metrics methodology

Metric title	Metric	Summary of methodology for calculating metric
Exposure to TNFD Priority Sectors	% AUM	The percentage of in-scope AUM invested in GICS sub-industries with material nature-related dependencies and impacts, per the TNFD's Additional Guidance for Financial Institutions (2024). The priority list (68 of 163 GICS sub-industries) incorporates the TNFD's initial mapping and additional sub-industries identified by Bloomberg as having material nature dependencies through value chains (e.g. Tobacco, Food Distribution & Retail). Each holding is mapped to its GICS sub-industry and flagged as priority or non-priority against the reference list. The metric is calculated as: total market value of holdings in priority sub-industries, divided by total in-scope AUM.
Companies without a Formal Biodiversity Policy	% AUM	The percentage of covered AUM invested in companies that do not have a formal biodiversity policy in place. Source: Nature Alpha's Unmanaged Risk module. Holdings where this field is null are excluded from both numerator and denominator. Binary field used (not composite score) as the metric answers a 'yes/no' question.
Exposure to Priority Nature Locations	% AUM	The weighted average share of covered AUM assessed physical asset locations classified as priority for nature sensitivity, relative to total asset locations per entity. Source: Nature Alpha's Nature Sense (geospatial) data. An asset location is classified as priority where Nature Alpha's composite sensitive-location score exceeds 0.6. The composite score incorporates proximity to Key Biodiversity Areas, protected areas, areas of high ecosystem integrity, areas of rapid ecosystem decline and areas of high physical water risk, using geospatial datasets aligned with TNFD sensitive-location criteria. Asset locations classified as offices or retail sites are excluded, as these typically have a limited physical interface with nature regardless of geographic proximity.
Companies with Nature-Related Controversies	% AUM	The percentage of covered AUM invested in companies flagged for biodiversity/nature-related controversies in the reporting year. Source: MSCI ESG Controversies data: flags covering biodiversity, land use, water pollution and ecosystem degradation.
Nature opportunities	Fund-weighted average revenue	Fund-weighted average revenue exposure to products/services addressing one or more of the IPBES drivers of biodiversity loss. Currently reported for Impax's Specialists strategy only. Source: Impax's proprietary Environmental Markets Taxonomy mapped to IPBES drivers via a linkage matrix (e.g. water treatment → Pollution/Invasive Species; renewables → Climate Change). Two additive tiers: Strong (Tier 1, significant IPBES benefit, e.g. renewable energy, resource efficiency), and Moderate (Tiers 2–3, more limited/conditional benefit, e.g. energy efficiency, transition minerals). Future enhancements will expand scope to broader thematic strategies and incorporate issuer-level biodiversity governance data.

Appendix 6: Operational emissions metrics methodology

Metric title	Metric	Summary of methodology for calculating metric
Operational emissions (Scope 1, 2 & 3)	tCO_2e	**Scope 1 and 2 emissions** Electricity, and where relevant gas, consumption data has been collected from our London, New Hampshire, Hong Kong, Tokyo, Dublin and Copenhagen offices. For our shared office space in New York, we estimated our monthly electricity consumption figure for January 2024. We have used IEA (2023), UK Department for Environment, Food and Rural Affairs ("Defra") (2023), Emissions and Generation Resource Integrated Database ("eGRID") (2022), Green-e (2023) and European Residual Mixes (2022) and Danish Energy Agency (2022) emissions factors respectively, as appropriate. **Scope 3 business travel emissions** Scope 3 data includes business travel by air and rail for all employees based in our London, New Hampshire, New York, Hong Kong, Tokyo, Dublin and Copenhagen offices for the Period. All distance data provided by our third-party corporate travel provider for 2024 has been used to calculate associated business travel emissions, by applying the relevant UK Government Department for Energy Security and Net Zero ("DESNZ") and former Department for Business, Energy and Industrial Strategy ("BEIS") emissions factors (including radiative forcing) by flight distance (domestic, short-haul, long-haul and international) and flight class (economy, premium economy and business). While business travel by hire cars and buses is limited, staff expense these journeys retrospectively and we have not been able to capture associated travel or emissions data of these journeys. Where missing or erroneous travel origin or destination data has been identified, we have estimated the distance by manually updating the correct location to our dataset and online estimations of associated distances.

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