Investing in Social Leaders

Illuminating opportunities where societal trends and corporate culture align

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

Executive summary

- We have identified long-term, quantifiable secular trends – from ageing populations to artificial intelligence – that we believe will shape global society for decades to come.
- The need for solutions to the challenges posed by these structural trends creates opportunities for innovative companies that are focused on the changing societal landscape.
- We have developed a classification system to identify companies whose products and services enable better outcomes for society by meeting basic needs, broadening economic participation, and improving quality of life.
- Alongside this, we have created a proprietary tool to identify companies with workplace environments that positively influence corporate behaviours and performance.
- We believe that combining the Impax Social Taxonomy and the Impax Corporate Culture Indicator tool creates a novel approach to pursuing attractive risk-adjusted returns that is grounded in proprietary insights.

Contents

Structural trends are creating long-term opportunities for companies whose products and services enable better outcomes for society.

Introduction

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

Where they show indications of strong corporate culture, our research suggests they could deliver better risk-adjusted returns for their investors.

We view these companies as 'Social Leaders'.

We have identified long-term, quantifiable secular trends that will shape global society for decades to come. These include ageing populations, urbanisation, rising income in emerging markets, increased incidence of chronic disease, transformational technology and automation and artificial intelligence (AI).

The need for solutions to the challenges posed by these structural trends creates opportunities for innovative companies that are focused on the changing societal landscape.

These solution-providing companies contribute to more equitable access to education, jobs, information, nutrition, healthcare and essential services, while benefiting from tailwinds associated with the transition to a more sustainable and inclusive economy.

We have developed a classification system – the Impax Social Taxonomy – to identify these companies within the global investable universe.[2]

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

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.

Meeting Basic Needs

Providing the products and services people cannot live without

Nutrition
- Food distributors & retail
- Food providers/producers

Community Infrastructure
- Housing
- Social buildings

Essential Services
- Public transportation
- Household utilities

Broadening Economic Participation

Enabling access to the means necessary

Education & Jobs
- Recruitment & employment
- Education & publishing

Access to Finance
- Financial security & inclusion
- Financial platforms

Equitable Connectivity
- Equitable connectivity
- Evolving marketplaces

Improving Quality of Life

Supporting health, happiness and prosperity

Health Innovation
- Advanced medical solutions
- Healthcare access & affordability
- Diagnostics

Wellbeing
- Personal care
- Wellness
- Security & safety

Evaluating corporate culture

Although the concept of corporate culture is difficult to define and measure, we have identified workplace factors that we believe to be material and combined them to create the Impax Corporate Culture Indicator.

Our analysis of companies' policies and performance attempts to capture the value created by supportive workplace environments, evident across regions and sectors. Companies scoring well 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 (see page 28).

The Impax Corporate Culture Indicator is a proprietary framework that seeks to assess workplace factors to help evaluate broader corporate culture

3 Market cap neutral.
4 Market cap neutral.
5 Year-on-year.
6 Sector neutral.

Impax has been quantifying workplace behaviour and linking it to potential company outperformance since 2007.

We have added to our datasets over time and have identified certain factors that, when looked at as fundamental indicators of workplace equality and inclusion, show significant potential to generate alpha.

Secular macroeconomic drivers

A growing and diverse set of investment opportunities is being shaped by long-term secular trends. For each macroeconomic driver, we include an example of how this maps to an area of investment opportunity below.

Ageing populations

Context
Spending by over-65s is expected to grow from US$8.7tn in 2020 to US$15tn by 2030[7]

Investment theme
Wellbeing

Increased incidence of chronic disease

Context
The number of US over-50s with at least one chronic disease is expected to double by 2050[8]

Investment theme
Health Innovation

Rising wealth among the 'emerging billions'

Context
Emerging market middle classes will account for 70% of global consumption by 2050, from 25% in 2009[9]

Investment theme
Access to Finance

Transformative technology

Context
3.2bn people live in areas covered by mobile broadband networks but do not yet use mobile internet services[10]

Investment theme
Equitable Connectivity

Urbanisation

Context
Two-thirds of the world's population is expected to live in urban areas by 2050, up from half today[11]

Investment theme
Community Infrastructure

AI and automation

Context
By 2030, AI and technology could displace 92mn jobs globally but create 170mn new roles, demanding new skills[12]

Investment theme
Education & Jobs

7 Fengler, W., 2021: The silver economy is coming of age: A look at the growing spending power of seniors, *Brookings*.
8 Ansah, J.T. & Chiu, C.T., 2023: Projecting the chronic disease burden among the adult population in the United States using a multi-state population model, *Front Public Health*.
9 OECD estimates, cited by Barclays Private Bank, 2020: See beyond: thematic investing.
10 GSMA, 2022: 2022 Mobile Industry Impact Report: Sustainable Development Goals.
11 Ritchier, H. & Roser, M., 2018. Urbanization, *Our World in Data*.
12 World Economic Forum, January 2025: The Future of Jobs Report 2025.

Ageing populations

People over the age of 50 are projected to contribute significantly more to the global economy over the next decade. As active lifespans increase in much of the world, those over 50 are working longer, and so both earning and spending more than previous generations. In 2020, this population supplied US$45tn to global GDP. By 2050, their contribution is projected to reach 39% of global gross domestic product (GDP).[13]

Those aged 50 and older were responsible for at least half of global spending in the five largest consumer product categories in 2020.[14]

Accumulated savings mean older generations' influence over certain sectors is particularly striking. Over-50s account for 58% of global real estate spending and 49% of spending on financial services and insurance, for example.[15]

This trend is not confined to rich countries. In India and China, for example, this group's spending is expected to grow respectively by 6% and 6.5% per year for the next decade.[16]

We see this trend driving opportunities across financial services, consumer products and health innovation and wellbeing. Solutions for the challenges facing an ageing society range from hearing aids to senior living communities and driver assistance technologies.

Increased incidence of chronic disease

Chronic diseases have grown more prevalent as populations age. Among over-50s in the US, the number of people with at least one chronic disease is estimated to double by 2050.[17] Meanwhile, chronic non-communicable disease is the leading cause of death worldwide.[18] According to the World Health Organization (WHO), 63% of worldwide deaths in 2008 were caused by major preventable diseases.

In addition to the impact on individuals, chronic disease has a material effect on healthcare systems. About 90% of the US$4.1tn spent on healthcare in the US each year attributed to managing and treating chronic diseases and mental health conditions.[19]

Several studies show a connection between chronic disease and socioeconomic and environmental factors.[20] Low-income patients often forgo costly medications and healthcare, making their management more difficult.[21] Affordability and access are key to both the prevention (nutrition and lifestyle) and healthcare (diagnosis and treatment) pieces of this evolving puzzle.[22]

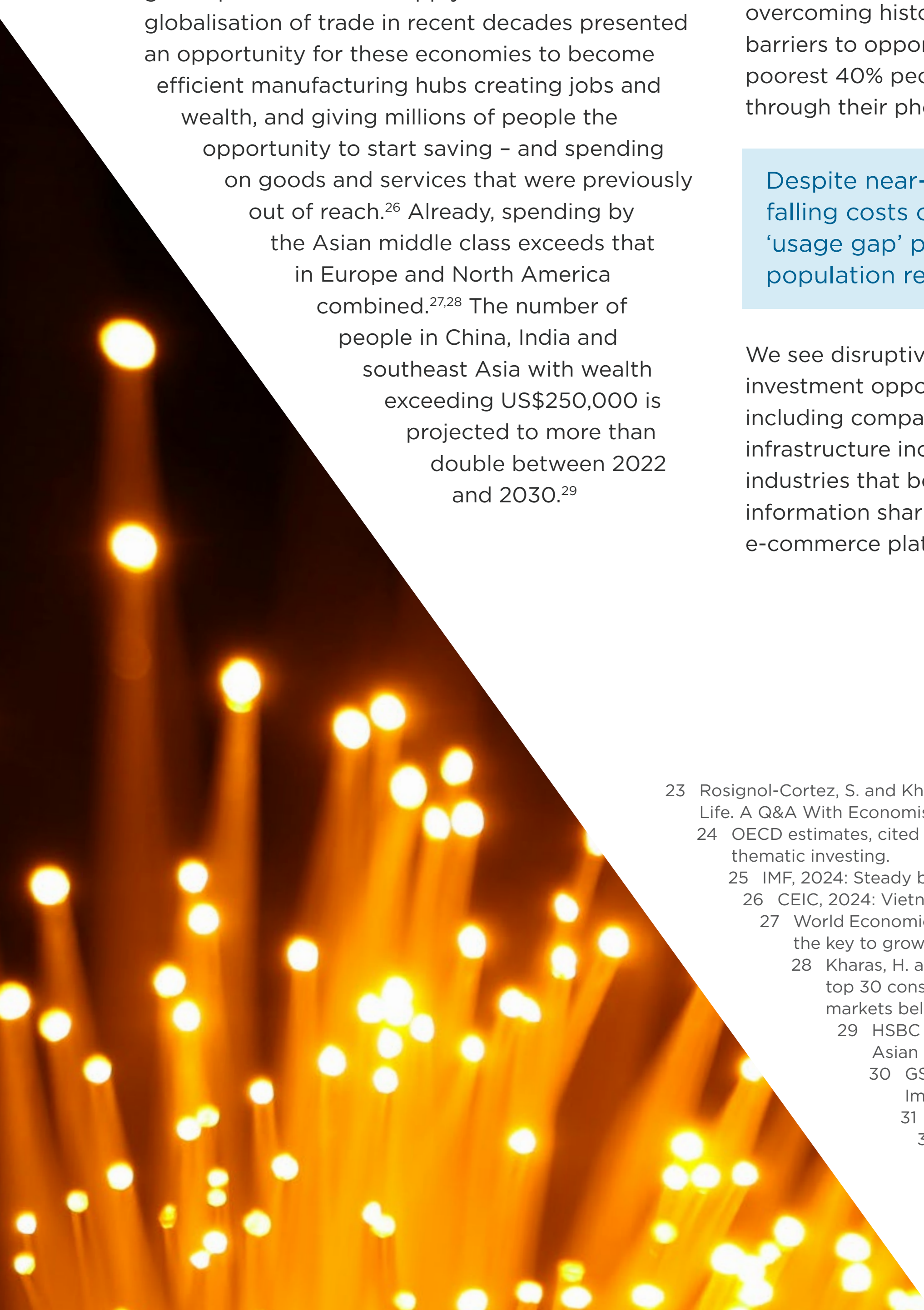
We see the growing incidence of chronic disease driving opportunities in nutrition and in health innovation, via emerging treatment technologies and delivery models.

13 AARP and Economist Impact, 2022: Global Longevity Economy Outlook: The economic contribution of people age 50 and older.
14 Ibid.
15 Ibid.
16 Fengler, W., Caballero J. et al, 2024: The age of the longevity economy, *Brookings* / 2023: The World Consumer outlook for 2024.
17 Defined as heart disease, cancer, diabetes, obesity and hypertension. Ansah, J.P. & Chiu, C.T., Projecting the chronic disease burden among the adult population in the United States using a multi-state population model, *Front Public Health*.
18 World Health Organization, 2020: The top 10 causes of death.
19 CDC, 2024: Chronic Disease Prevalence in the US: Sociodemographic and Geographic Variations by Zip Code Tabulation Area.
20 World Health Organization, 2024: Social determinants of health.
21 Dusetzina, S and Huskamp, H et al, 2022: Many Medicare beneficiaries do not fill high-price specialty drug prescriptions, *Health Affairs (Millwood)*; Dusetzina, S and Besaw, R, et al, 2023: Cost-related medication nonadherence and desire for medication cost information among adults aged 65 years and older in the US in 2022, *JAMA Network Open*.
22 Turrell G, Hewitt B et al, 2002: Socioeconomic differences in food purchasing behaviour and suggested implications for diet-related health promotion, *Journal of Human Nutrition and Diet*.

Rising wealth among the 'emerging billions'

The 'middle class' might be defined as a cohort with enough wealth for basic necessities, plus some real choice in their spending.[23] Driven by strong demographics and economic growth, middle class spending in emerging markets will account for 70% of global consumption by 2050, up from 25% in 2009.[24] Emerging markets and developing economies continue to grow faster overall than advanced economies: by 4.4% in 2023, compared to 1.7% among richer peers, and are forecast to outperform similarly in 2024 and 2025.[25]

Many emerging markets have transformed into global production and supply chain centres. The globalisation of trade in recent decades presented an opportunity for these economies to become efficient manufacturing hubs creating jobs and wealth, and giving millions of people the opportunity to start saving – and spending on goods and services that were previously out of reach.[26] Already, spending by the Asian middle class exceeds that in Europe and North America combined.[27,28] The number of people in China, India and southeast Asia with wealth exceeding US$250,000 is projected to more than double between 2022 and 2030.[29]



More affluent populations can afford to save, borrow and spend more, driving opportunities in financial services including insurance and retirement accounts, and for the likes of credit bureaus.

Transformative technology

From high-speed internet to AI-driven electrical systems, precision irrigation to optimised biologic drugs, technology has the power to transform society. Some technologies, like mobile internet at the start of this century, transform the platforms on which economies function.

By the end of 2023, 96% of the world's population lived in areas with mobile phone coverage.[30] Mobile internet can be truly transformative in overcoming historic geographic and economic barriers to opportunity. Almost half of the world's poorest 40% people are connected to the internet through their phones.[31]

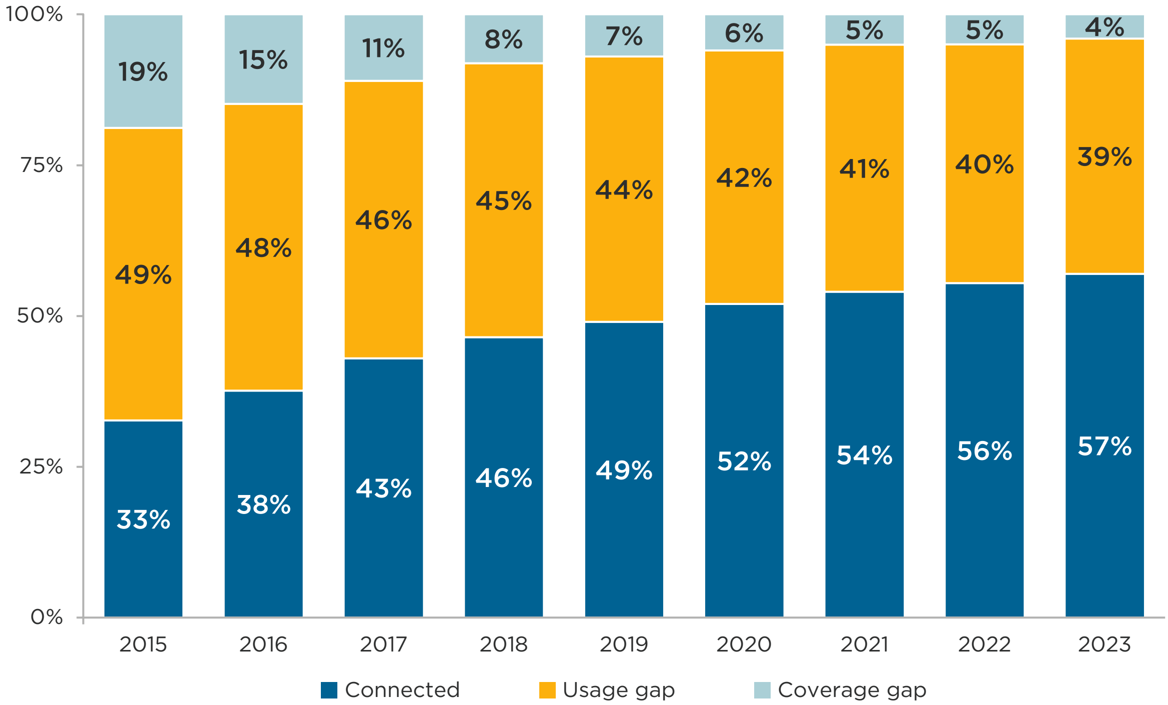
> Despite near-universal coverage and falling costs of accessing services, a 'usage gap' persists: 43% of the world's population remains offline.[32]

We see disruptive technology supporting investment opportunities in equitable connectivity, including companies that own and operate infrastructure including mobile towers, and across industries that benefit from faster, broader-based information sharing, like financial services and e-commerce platforms.

23 Rosignol-Cortez, S. and Kharas, H., 2023: What Defines Middle Class Life. A Q&A With Economist Homi Kharas.
24 OECD estimates, cited by Barclays Private Bank, 2020: See beyond: thematic investing.
25 IMF, 2024: Steady but slow: resilience amid divergence.
26 CEIC, 2024: Vietnam Household Income per Capita.
27 World Economic Forum, 2023: Emerging markets could hold the key to growth in the face of macroeconomic storms.
28 Kharas, H. and Fengler, W., 2021: Which will be the top 30 consumer markets of this decade? 5 Asian markets below the radar.
29 HSBC Global Research, 2022: The rise of Asian wealth.
30 GSMA, 2024: 2024 Mobile Industry Impact Report.
31 Ibid.
32 Ibid.

Two-in-five remain offline despite near-universal digital coverage

Global mobile internet connectivity, 2015 to 2023 (% of total population)



Source: GSMA, 2024: The State of Mobile Internet Connectivity Report 2024. Numbers may not add up to 100% due to rounding.

Benefits of improved digital connectivity

1 **Productivity**
Workers can accomplish tasks quicker and to a higher standard, supporting wages and employment rates.[33] Research indicates that female workers' wages improve when firms use more information and communication technology.[34]

2 **Access**
Sellers and buyers can access more, higher-quality information regarding products and services and their availability. Studies have shown a positive correlation between internet connectivity and international trade.[35]

3 **Savings and mobile money**
People can more easily save and move money, which has been linked to reductions in poverty and productivity gains.[36]

33 Hjort, J. and Sacchetto, C., April 2022: Can internet access lead to improved economic outcomes?
34 Chun, N. and Tang, H., 2018: Do Information and Communication Technologies Empower Female Workers? Firm-Level Evidence from Viet Nam.
35 Sanderson, L. et al, 2022: Does faster internet increase exports? Evidence from New Zealand, OECD.
36 Suri, T and Jack, W., 2016: The Long-Run Poverty and Gender Impacts of Mobile Money – Assessment of M-PESA's role in the economic lives of Kenyans.

Urbanisation

Over 50% of the world's population live in cities. This is projected to rise to nearly 70% by 2050.[37] Economic migration, both within countries and internationally, is one of the key drivers of urbanisation, often accelerated by the impacts of climate change.

> The network effects of cities can catalyse economic growth, creating jobs and opportunities: more than 80% of global GDP is generated in urban areas.[38]

Affordable housing and viable infrastructure, including transportation and basic services like water, electricity and waste management, are crucial to the sustainable functioning of urban areas.

Urban land consumption has grown significantly more quickly than populations and is projected to result in 1.2mn km^2 of additional urban areas globally 2030.[39] Such growth threatens to overwhelm land and natural resources.[40] But sprawl is not inevitable: building sustainable infrastructure, from sanitation to public transport, can help cities become more efficient, less resource-intensive and healthier as they expand.

We see this trend driving opportunities in essential services and community infrastructure in metropolitan areas around the world, especially in emerging markets.

AI and automation

Mobile phones, shortly followed by internet coverage, have reshaped economic behaviour and opportunities. Similarly, AI is poised to disrupt many sectors and industries in the coming years.

By 2030, it is estimated that AI and technological change will have displaced approximately 92mn jobs globally, but will also have created about 170mn new ones.[41] When assembly lines in factories were replaced by machinery and then robotics, people needed to upskill to keep pace with technological change; the AI transformation could have the same effect.[42]

According to McKinsey, about 27% of current hours worked in Europe and 30% of hours worked in the US could be automated by 2030 in a trend accelerated by generative AI.[43] By that time, Europe and the US could require up to 12mn occupational transitions apiece, which is about double the continent's pre-pandemic pace but broadly in line with the pre-pandemic norm in the US.[44] However, this is balanced by the fact that historically, new technology has tended to create more jobs than it destroys, and we believe AI can help address talent shortages in certain industries.[45]

This should support opportunities for online education and job search platforms as they equip workers with new skills and match them with new professional roles. More broadly, the adoption of AI will spur innovation and create opportunities across the economy: few sectors will not be transformed by AI's applications.

37 The World Bank, 2023: Urban Development.
38 Ibid.
39 Ibid.
40 Ibid.
41 World Economic Forum, January 2025: The Future of Jobs Report 2025.
42 Manyika, J. et al, 2017: Jobs lost, jobs gained: What the future of work will mean for jobs, skills, and wages, *McKinsey Global Institute*.
43 McKinsey, 2024: A new future of work: The race to deploy AI and raise skills in Europe and beyond.
44 Ibid.
45 Manyika, J. et al, 2017: Jobs lost, jobs gained: What the future of work will mean for jobs, skills, and wages, *McKinsey Global Institute*.

Classifying the investable universe: the Impax Social Taxonomy

As investors focused on the transition to a more sustainable and inclusive economy, we perceive a spectrum of opportunities emerging as these secular macroeconomic drivers evolve over the coming decades.

We have developed a clear and robust taxonomy to classify these opportunities and so identify companies whose products and services can offer solutions to society's challenges.

The eight thematic sectors of the Impax Social Taxonomy fall under three pillars that align loosely with Maslow's Hierarchy of Needs, including physical security, community and access, and health and prosperity.[46]

Meeting Basic Needs

Globally, household income and wealth have sustained a remarkable upward trend since the 1980s. Worldwide GDP per capita has roughly doubled, in real terms, over the past two decades.[47]

However, persistent inequality means billions of people, across developed and developing countries, face barriers to accessing basic necessities, from fresh produce to clean water.

We see long-term opportunities for companies that can lower these barriers through innovative products and services that better meet society's basic needs. Our Taxonomy identifies particular opportunities for solutions providers in the areas of **nutrition**, **community infrastructure** like housing, and **essential services** like water and energy utilities.

The number of over-60s worldwide is expected to rise from

1.1bn in 2023 **to**

1.4bn by 2030[48]

46 Maslow, A. 1943: A Theory of Human Motivation.
47 International Monetary Fund, 2025: GDP per capita, current prices.
48 World Health Organization, 2025: Ageing Global Population.

1 Nutrition
Companies providing affordable access to high quality, nutritious foods

Globally, healthy diets remain out of reach for as many as 3bn people. Convenient highly processed food has become more widely available across developed and emerging economies alike.[49] This is a key contributor to the rise of unhealthy diets high in calories, sugars, salt, saturated fats and trans fats, which in turn drive obesity and its comorbidities – related conditions that occur alongside it – including several chronic diseases.[50]

According to the WHO, obesity rates have doubled since 1990 to one in eight people globally. Adolescent obesity rates have quadrupled in this time.[51] The impact on the lives of patients and their families is severe, and healthcare systems are becoming heavily overburdened.[52] The annual medical bills incurred by US adults with obesity are double those of peers with healthy weights.[53]

The consumer landscape is evolving, especially in many developed markets where younger generations are demanding healthy food options.[54] Growing awareness of the impacts of diet supports vast opportunities for healthier alternatives in a global food market that is worth an estimated US$10tn a year.[55]

Companies that enable access to fresh and natural produce, and that partner with food manufacturers to improve the nutritional value of food products, can benefit from a re-evaluation of society's relationship with food and also contribute to improving health outcomes.

Example: **Danone**

Danone is one of the largest suppliers of fresh, health-focused food products to consumers around the world. The French-listed company's portfolio includes dairy products and plant-based alternatives, alongside infant nutrition and bottled water. The latter two are a particular focus for the company in emerging markets. Most of its dairy-related revenues derive from high value-added products including yoghurts that cater to rising consumer interest in gut health and immunity.[56] Yoghurt consumption is also associated with reduced risks of diabetes and cardiovascular disease.[57]

Sustainable Development Goal (SDG) alignment

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

49 Kuhns, A. and Saksena, M., 2017: Food Purchase Decisions of Millennial Households Compared to Other Generations, *USDA Economic Research Service*.
50 World Health Organization, 2024: Healthy diet.
51 World Health Organization, 2024: Obesity and overweight.
52 McKinsey, 2022: The gathering storm: The transformative impact of inflation on the healthcare sector.
53 Cawley, J., et al, 2021: Direct medical costs of obesity in the United States and the most populous states. *Journal of Managed Care & Specialty Pharmacy*.
54 Carter, C, 2019: The Business of Feeding Health-Conscious Gen Z and Alpha Children.
55 Savills, 2024: The Future of Food.
56 Danone, 2024.
57 Danone Institute, 2025: Yogurt for health: health benefits associated with fermented dairy products.

2 Community Infrastructure

Companies contributing to the development of more resilient communities

Access to safe and affordable housing and to health services are among the core social determinants of health.[58] Demographic trends mean significant investment is needed in social infrastructure to support rapidly ageing populations: the number of over-60s worldwide is expected to rise from 1.1bn in 2023 to 1.4bn by 2030.[59] Structurally, demand is rising across both developed and emerging markets for purpose-built accommodation that supports the needs of older people. Senior living communities offer varying degrees of care and support, designed to meet the demands presented by health and mobility challenges.

At the other end of the demographic spectrum, there is structural demand for quality purpose-built student accommodation on or near university campuses. An important driver is international student mobility: the number of students pursuing tertiary education outside of their home country almost tripled between 2000 and 2019.[60]

More broadly, younger generations are also driving demand for accessible ‘third places’, including gyms, that are separate from work and home.[61]

These trends create opportunities for developers and operators of the physical buildings that comprise emerging community infrastructure. Many are listed real estate investment trusts (REITs). We believe REITs that specialise in specific parts of the market, such as senior housing or high-density student accommodation, can address clear market needs and create compelling investment opportunities aligned with the transition to a more sustainable and inclusive economy.

Example: **Unite Group**

Unite Group illustrates how REITs can support the demands of society through inclusive student accommodation on or near university campuses.

The UK-listed company owns roughly 150 student housing communities that are home to almost 70,000 tenants. Unite’s portfolio is focused on cities that are home to the UK’s top universities, where there is typically a structural under-supply of housing. As well as providing convenient accommodation for higher education students, purpose-built properties can be constructed and maintained to high standards of environmental efficiency.

SDG alignment

11 SUSTAINABLE CITIES AND COMMUNITIES

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

58 Centers for Disease Control, 2024: Social Determinants of Health.
59 World Health Organization, 2025: Ageing Global Population.
60 Unesco, 2022: Higher education figures at a glance.
61 Bakhtiari, K., 2023: Gen-Z, The Loneliness Epidemic and the Unifying Power of Brands.

3 Essential Services

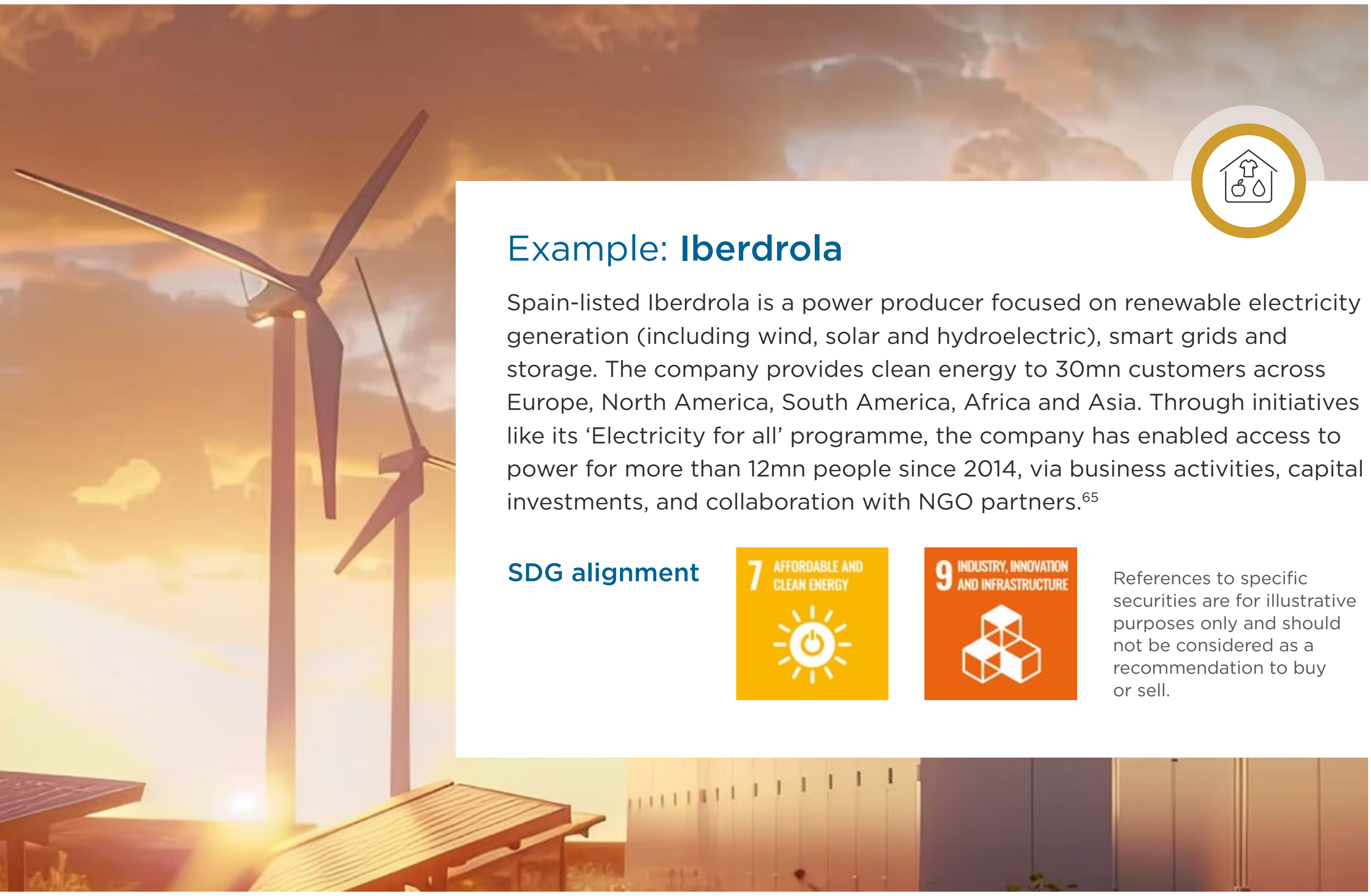
Companies providing and facilitating access to clean water and energy, and upholding safe, healthy, sanitary conditions

Providers of resource infrastructure assets, networks and systems help underpin the foundations of modern society.

Access to the most of basic of human resources remains far from universal: an estimated 2.2bn people lack access to clean water owing to quantity or quality issues.[62] As the global population grows, and existing infrastructure ages, vast investment is needed to expand and upgrade water systems: as much as US$7tn by 2030 to address decades of underinvestment, according to the World Bank.[63]

Government policy is catalysing investment in essential infrastructure in many markets. In others, it is the economic competitiveness of emerging technologies. The rapid expansion of renewable electricity generation is one example: four-fifths of newly-commissioned, utility-scale renewable projects globally in 2023 had lower electricity generation costs than fossil fuel alternatives.[64] Decentralised solar generation offers the prospect of democratising access to affordable energy in developing economies where grids are often limited and unreliable.

Meanwhile, companies that safely and efficiently collect, process and dispose of household and commercial waste support essential basic sanitation. Opportunities in the processing and treatment of hazardous and high-value waste continue to expand as rising volumes of electronic waste, including electric vehicle batteries, require environmentally sensitive management.



Example: **Iberdrola**

Spain-listed Iberdrola is a power producer focused on renewable electricity generation (including wind, solar and hydroelectric), smart grids and storage. The company provides clean energy to 30mn customers across Europe, North America, South America, Africa and Asia. Through initiatives like its 'Electricity for all' programme, the company has enabled access to power for more than 12mn people since 2014, via business activities, capital investments, and collaboration with NGO partners.[65]

SDG alignment

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

62 UN, 2023: Sustainable Development Goals.
63 World Bank, 2024: Closing the $7 Trillion Gap: Three Lessons on Financing Water Investments from World Water Week.
64 International Renewable Energy Agency, 2024: Renewable Power Generation Costs in 2023.
65 Iberdrola, 2024.

Broadening Economic Participation

Technological innovation is helping to overcome certain structural barriers to opportunity. Ultra-fast broadband, for instance, enables instant connectivity unbounded by traditional geographical constraints.

Advances in economic inclusion not only promote equality of opportunity, but can also foster economic growth by broadening labour talent pools and unlocking productivity gains. Despite great strides forward, though, billions of adults remain shut out from the modern economy through poor connectivity, limited skills and financial exclusion.

We see long-term opportunities for companies whose products and services can better connect people to economic opportunity. Our Taxonomy identifies providers of solutions in the areas of **equitable connectivity**, **education and jobs**, and **access to finance**.

Connecting the world's 'unbanked' 1.4bn adults to banking products could add US$250bn to global gross domestic product (GDP).[66]

66 Oxford Economics and Juvo, 2019: The 'YES' Economy: Giving the world financial identity / World Bank, 2022: COVID-19 Boosted the Adoption of Digital Financial Services.

1 Equitable Connectivity
Companies enabling information sharing and digital services

There are many layers to the digital infrastructure enabling data flows that contribute an estimated US$2.8tn to the global economy.[67] Each second, 200,000 or so gigabytes of data are sent along fibre-optic cables and transmitted between mobile masts, individual devices, corporate networks and data centres.[68]

The companies that operate the assets, networks and systems that underpin global information flows enable the transition to a more sustainable and inclusive economy by helping better democratise access to opportunity. Remote and hybrid working, for example, can overcome physical and geographical barriers to quality work, while expanding talent pools.

Two overarching trends drive the opportunity set for the likes of telecoms companies, infrastructure owners and data centre operators. First, soaring data use: global mobile data traffic is forecast to grow by a factor of around 2.5 by 2030.[69] Second, the fast-growing trend towards the 'internet of things', whereby smart devices and machines are digitally linked: Cisco estimates that there will be 500bn connected devices by 2030, from home appliances to connected car applications.[70]

Example: **American Tower**

US-listed American Tower is a REIT that owns, operates, and develops wireless communications and broadcast towers that form part of the backbone of the digital infrastructure ecosystem. Its portfolio of almost 150,000 towers enables digital connectivity across 24 countries, focusing on North America, Latin America, Europe and Africa, by widening mobile internet coverage.[71] American Tower leases antennae sites on its assets to the likes of mobile carriers; each tower typically has several tenants. We believe tower operators are well positioned to benefit from the long-term increase in mobile network data traffic, which rose 21% in 2024.[72]

SDG alignment

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

67 LSEG, 2022: Unlocking the value of data flows in the digital economy.
68 Impax estimates based on figures from World Bank, 2021: World Bank Development Report.
69 Ericsson, 2024: Mobile data traffic outlook.
70 Cisco, 2023: Powering an Inclusive, Digital Future for All.
71 American Tower, February 2025.
72 Ericsson, 2024: Mobile data traffic outlook.

2 Education & Jobs
Companies enhancing access to quality education, work and childcare

There is the prospect that a global talent shortage that could stunt potential global economic output by 6.6% by 2030.[73] We believe three key challenges for policymakers support opportunities for companies whose services can improve access to skills and work, widen talent pools and unlock productivity gains.

First, a democratisation of access to education should enrich human capital and develop the skills needed for productive work. Second, more transparent matchmaking between recruiting companies and job-hunters can widen talent tools and reinforce meritocracy. Third, a lowering of the barriers to returning to work created by childcare challenges should enable parents to pursue further career opportunities.

Innovative solutions to these three challenges are emerging, enabled in the first two cases by AI and intelligent use of data. Though education remains predominantly classroom-based, the value of the mobile learning market is projected to grow from approximately US$61bn in 2023 to US$184bn in 2028.[74] Digital innovation in recruitment services is enabling companies to access deeper talent pools; and applicants to benefit from access to a wider set of opportunities.

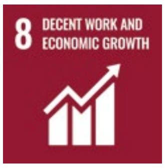
Meanwhile, the growing concentration of child-rearing couples in urban areas provides a large market for innovative childcare solutions that support parents in maintaining a healthy work-life balance. One study found 40% of US parents do not have access to the childcare they need.[75]

Example: **Recruit Group**

Japan-listed Recruit Group owns online job platforms Indeed and Glassdoor, websites for workers to search for job opportunities and to anonymously review their employers. Both platforms are at the centre of the trend towards greater transparency in hiring. The integration of these sister companies' services adds value for clients, providing the company with a competitive advantage, in our view.

Enabling more efficient and more equitable recruitment are Recruit's dual aims. By 2030, its target is to halve hiring times and support 30mn candidates into new roles. The company reports that a total of 3.9mn applicants facing discrimination based on race, gender, criminal records and military service histories have been hired as a result of the more transparent process it enables.[76]

SDG alignment



References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

73 Impax estimate based on forecasts by Korn Ferry, 2018: Future of Work – The Global Talent Crunch and IMF, 2023: World Economic Outlook.
74 ReportLinker, 2023: Mobile Learning Market Size & Share Analysis – Growth Trends & Forecasts (2023–2028).
75 Bright Horizons, 2023: 9th Annual Modern Family Index.
76 Recruit Holdings, 2023: FY2022 Annual Report.

3 Access to Finance
Companies enabling greater financial security and extending opportunities to participate in the economy

The potential economic benefits of greater financial inclusion are vast. Connecting the world's 'unbanked' 1.4bn adults to banking products could alone add US$250bn to global GDP – about the same as the Portuguese economy.[77]

Where financial services companies can address evolving needs and enable better outcomes for customers, we believe they can benefit from structural drivers of long-term demand as the world's population becomes richer, older and better connected.

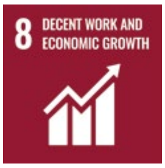
Two sets of opportunities – extending access to banking and enabling people to plan for their financial futures – centre on emerging markets, where financial security is generally lower. The advent of mobile banking has enabled innovative new services. Safaricom's M-PESA which allows users to send and receive money and apply for short-term loans (among other services) via their phones, shows what is possible: the service has propelled Kenya's financial inclusion rate from 26% in 2006 to 84% in 2021.[78]

Another pair of opportunities – making payments more efficient and secure, and improving credit data – are global in nature. Transaction volumes for electronic payments rose on average by 17% between 2017 and 2022, versus 6% a year for payments overall.[79] Meanwhile as household debts and loans continue to grow as a percentage of developed economies' GDPs, credit bureaus can act as an important data bridge connecting lenders and borrowers.[80]

Example: **AIA**

Money spent on insurance premiums equates to only 3% of GDP in Asian countries (excluding Japan), compared with 8% in developed countries overall.[81] Hong Kong-listed AIA, one of the largest Asia-Pacific insurers by market capitalisation, provides life, health and accident protection insurance as well as retirement and savings solutions.[82] Its products enable Asia's emerging middle class to better meet their healthcare challenges and plan for their financial futures. AIA focuses on Asian countries with very shallow state-funded safety nets, where the need for innovative insurance products is greatest.

SDG alignment



References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

77 Oxford Economics and Juvo, 2019: The 'YES' Economy: Giving the world financial identity / World Bank, 2022: COVID-19 Boosted the Adoption of Digital Financial Services.
78 McKinsey, 2022: Driven by purpose: 15 years of M-Pesa's evolution.
79 McKinsey, 2023: On the cusp of the next payments era: Future opportunities for banks.
80 IMF, 2023: Household debt, loans and debt securities.
81 Swiss Re, 2018: The health protection gap in Asia: A modelled exposure of USD 1.8trn; Swiss Re, 2020: Closing Asia's mortality protection gap.
82 Bloomberg, March 2025.

Improving Quality of Life

The 20th century saw vast advances in longevity, courtesy of medical innovation and improving living conditions. With global life expectancy rising to 73 years in 2019, up from 67 years in 2000, focus in the 21st century is increasingly shifting to quality of life, particularly in richer economies.[83]

Ageing populations are placing healthcare systems under growing strain, however. This creates structural incentives to better prevent avoidable health issues through personal care solutions, and supports demand for innovative medical technologies and drugs that can lower the overall costs of treatment and improve patient outcomes.

We see long-term opportunities for companies that can meet the evolving demands of society through products and services that enhance quality of life. Our Taxonomy identifies particular opportunities for Social Leaders that can contribute to enhanced **wellbeing** and better **healthcare** outcomes.

Annual spending by over-65s is projected to rise by 75% this decade to US$15tn by 2030.[84]

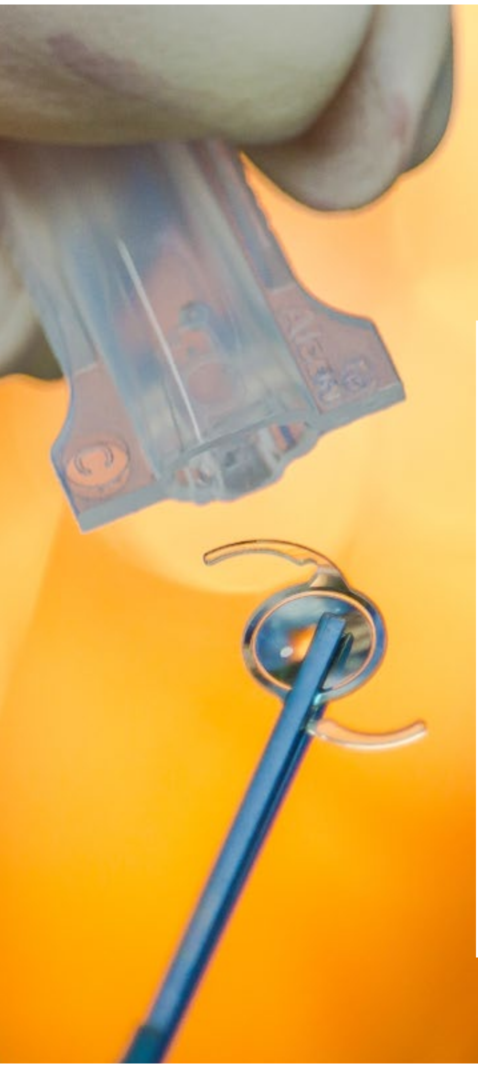
83 World Health Organization, 2019: The Global Health Observatory.
84 Source: Fengler, W., 2021: The silver economy is coming of age: A look at the growing spending power of seniors. *Brookings Institute*.

1 Wellbeing
Companies enabling people to take better care of themselves affordably

There is growing recognition among consumers that personal care solutions, self-care remedies and fitness services can help address and alleviate health problems. In the face of rising costs, healthcare providers have structural incentives to encourage cost-effective solutions that can address minor issues without prescriptions or appointments.

McKinsey estimates that more than US$450bn was spent on products and services that support nutrition, hygiene and fitness in the US in 2022 – a market growing at more than 5% annually.[85]

Three distinct areas of opportunity stand out. First, products that prevent avoidable (and often costly) health issues by enabling better oral hygiene and correcting vision and hearing loss. Second, self-care solutions – including over the counter medications, supplements and monitoring devices – that can substitute for and complement formal healthcare. Third, fitness services that can boost both personal wellbeing and productivity at work.



Example: **Alcon**

Swiss-listed Alcon is the global leader in eyecare solutions, including contact lenses, that help keep people active and productive for longer.[86] The company has pioneered a radically more efficient system for treating cataracts, which can eventually lead to blindness, speeding up surgeries and freeing up healthcare system resources.[87] Timely access to interventions like cataract surgery can also prevent blindness and accidents. Alcon works to make these solutions accessible, especially in low and middle-income countries where formal eyecare is limited.[88]

SDG alignment

3 GOOD HEALTH AND WELL-BEING

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

85 McKinsey, 2022: Still feeling good: The US wellness market continues to boom.
86 Alcon is the world's largest company focused on eye care products by revenues, as at January 2025.
87 Alcon, 2024: Alcon's Latest Equipment Breakthrough Technologies, Unity VCS and Unity CS, Receive U.S. FDA 510(k) Clearance.
88 Meuleners, L. B. and Fraser, M. L. et al, 2014: The impact of first- and second-eye cataract surgery on injurious falls that require hospitalisation: a whole-population study, *Age and Ageing*.

2 Healthcare Innovation

Companies enabling more effective and efficient delivery of healthcare

Ageing populations, persistent cost inflation and practitioner shortages are combining to place healthcare systems under rising strain across developed markets. Healthcare spending growth outpaced inflation across the OECD group of high-income countries each year between 2007 and 2021, and by 2.2 percentage points on average.[89]

We believe there are long-term opportunities for companies whose products and services can cost-effectively address the challenges facing the US$10tn a year healthcare sector.[90]

Transformational innovations in medical technology, including new devices and systems, are improving patient safety, enabling quicker recoveries from surgery and delivering efficiencies for healthcare providers. The adoption of robotics can reduce risks of surgical complications and enable more surgeons to perform minimally-invasive procedures.[91]

As well as improving access to treatment for common issues, like cataracts, scientific innovation is pioneering advanced therapies that target rare diseases. To expedite the complex drug development process and leverage leading capabilities, pharmaceutical companies are increasingly turning to specialist partners.

Example: **Boston Scientific**

US-listed Boston Scientific develops, manufactures and markets minimally invasive medical devices. Its products are used across a range of specialisms, including cardiology, neurology, endoscopy and urology, enabling early detection, treatment and prevention of health issues. In so doing, they can improve patient outcomes and reduce treatment costs. Boston Scientific's peripheral interventions are some of the most effective at treating cancer, coronary artery disease, thrombosis and pulmonary embolism with efficiencies including lower drug dose, fewer repeat procedures and shorter hospital stays.[92]

SDG alignment

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell.

89 OECD, 2023: Health care financing in times of high inflation.
90 World Economic Forum, 2024: Is this how healthcare will be optimized in the future?
91 Cleveland Clinic, 2024: Robotic Surgery.
92 Boston Scientific, 2024.

Healthcare spending growth outpaced inflation across OECD economies by an average of 2.2 percentage points each year between 2007 and 2021.[93]

93 OECD, 2023: Health care financing in times of high inflation.

Corporate culture as a potential source of outperformance

Identifying intangible value drivers

Within business, there is a general understanding and agreement that companies with stronger 'corporate culture' are better places to work. There is also a range of research supporting the hypothesis that they may also have better financial outcomes.[94]

A prominent book on the topic found that culture can account for 20 to 30% of the differential in corporate performance when compared with "culturally unremarkable" competitors.[95] An October 2024 report by Impax, *The financial impact of diversity and culture*, refers to further research and evidence on this topic.[96]

Positive 'corporate culture' – as broadly defined to include shared beliefs, attitudes and standards of practice that shape a work environment – is hard to capture in metrics.[97] This information asymmetry makes it a particularly interesting topic to research, as it may be a potential source of alpha generation. It is not likely to be included in company analysis and valuations, like many other intangible value drivers that now represent a large portion of companies' market value.[98]

Through the identification of workplace factors that are correlated with stock price outperformance over time, we have built a tool, the **Impax Corporate Culture Indicator**. This tool is designed to enable a systematic and consistent assessment of corporate culture and the identification of companies showing indications of strong corporate culture, which we believe can be fundamental in driving long-term business success.

94 Heskett, J. and Kotter, J., 2011: Corporate Culture and Performance.

95 Ibid.

96 Gorte, Julie F., 2024: The financial impact of diversity and culture.

97 Corporate culture and workplace culture are distinct, and the differences have implications when testing the relationship between culture and company performance. Per the Harvard Business Review and CultureWise: **Corporate culture** refers to the shared beliefs, values, attitudes, and perceptions of an organization. It encompasses the overall identity and character of a company. It influences decision-making and the overall work environment. **Workplace culture** focuses on the professional standards, systems and behaviours within a company. It is how employees interact, communicate, and collaborate on a day-to-day basis. It influences employee satisfaction, productivity, and engagement.

98 Garnham, A. et al, 2024: Corporate Intangible Assets Grew to USD61.9 trillion in 2023.

Building on gender and workplace equity research

While we may never be able to fully quantify corporate culture, it is an interesting and relevant quantitative area for investors to explore given the potential for stronger corporate culture to add significant financial value over time. That exploration highlights the value of having both quantitative and fundamental analysts look at the same issue.

Impax has been quantifying workplace behaviour and linking it to potential alpha generation since 2007. Impax's Gender Lens investment research dates back that far and has evolved as the quality and breadth of information has improved. The Impax Gender Analytics team began creating a proprietary gender leadership dataset covering the MSCI World Index in 2013.

In 2019, a set of workplace equity factors were added to this dataset, including indicators around pay equity, talent pipeline development and gender-related diversity disclosure and targets, built using data gathered by Impax.[99] These factors, when looked at as fundamental indicators of workplace equality and inclusion, show significant efficacy and alpha potential. The workplace equity factors analysed together as a unit are stronger and less volatile than any of the individual factors alone, and they continue to be associated with excess returns through a volatile period, across all regions in the MSCI World Index.

This promising result prompted us to seek additional factors to help form a more complete picture of workplace culture.

Impax Corporate Culture Indicator analysis

The Impax Corporate Culture Indicator research, undertaken by investment team, Quantitative Research Group and Impax Sustainability Centre colleagues, is intended to leverage our existing research, moving beyond our historic focus on gender and sustainability-related factors.

Universe: The universe for all of our developed market analysis is an equal-weighted MSCI World ex-Energy index. We remove any companies with share price returns more than four standard deviations from the period average to prevent any single name from having an outsized influence on the analysis.

Factor selection: We have analysed over 30 different factors across four regions: the US, EAFE (Europe, Australasia and the Far East ex-Japan), Japan and emerging markets (EM). We look at company disclosure and year-on-year changes, and adjust for the impact of elements such as sector or market capitalisation, with factor data that goes back as far as 2012. The factor selection process includes collaboration across teams to align quantitative insights with fundamental materiality. We chose factors that are clearly correlated with superior total shareholder returns for their regions, according to our analysis. The table on page 27 describes each factor and shows which regions they apply to. Underlying factors are normalised by company market capitalisation and sector, as appropriate.

After choosing factors that show promise, we analyse their effectiveness at generating excess returns for each region, over both short and long holding periods. We apply factors only to regions where they demonstrate statistically significant distributions – that is, those in the top group generally outperformed those in the bottom group more with the passage of time. This in an iterative process and the regional factor mix will evolve over time.

We continue to look for ways to condition existing data, as well as seek new data sets to enhance the measurement of corporate culture. For example, we are currently working with natural language processing to scrape data from sustainability reports, other company materials, and employee reviews to better gauge employee sentiment.

99 Please note that reporting is not mandatory for most of these variables. Our research and analysis are therefore based on publicly available data that is voluntarily reported by companies.

Impax workplace factors with regional use

Workplace factor (start date)	Definition	US	EAFE[100]	Japan	EM[100]
Employee turnover (2012)	The percentage of employees that left the company in the last calendar year.	•	•	•	•
Y/Y change in women in management (2015)	The year-on-year change in the percentage of the management team that are women.	•	•	•	
Management of human capital (2012)	Comprehensive employee benefits package, training programmes, employee engagement, employee stock ownership eligibility and external recognition as preferred employer.[100]	•	•	•	•
Workplace equity policies (2020)	A company's pay equity initiatives, hiring, promotion and retention; its disclosures of, and commitment to, diversity targets and progress.	•	•	•	
Race & identity disclosure (2016)	The disclosure of and external reporting on a company's board and management's race and LGBTQ data.	•			
Women on the board (2013)	The percentage of board members that are women.		•		
Gender leadership score (2013)	A weighted metric including woman CEO and CFO, those in the top 25% for board representation and management, and year-on-year change for women in management.			•	
Management of labour (2012)	Third-party score including inputs such as the strength of worker protections, quality of restructuring policies and programmes, support for degree or certification initiatives for employees and frequency of employee satisfaction surveys.				•
Profitability/employee (2012)	Annual profits (EBITDA) divided by average number of employees.[101]				•
Diversity disclosure (2012)	Measurement and reporting of board and/or management diversity data.				•
Safety and human rights policies (2020)	Presence of policies to safeguard employees and human capital across the value chain.				•

100 **EAFE = Europe, Australasia and the Far East (ex-Japan). EM = Emerging markets.**
101 Current source for external recognition is MSCI. However, we recognise the shortcomings of any organization that attempts to recognise employers, and we continue to seek out this information through internal research.
102 Earnings before earnings before interest, tax, depreciation and amortisation (EBITDA) is a standard metric for company profitability.

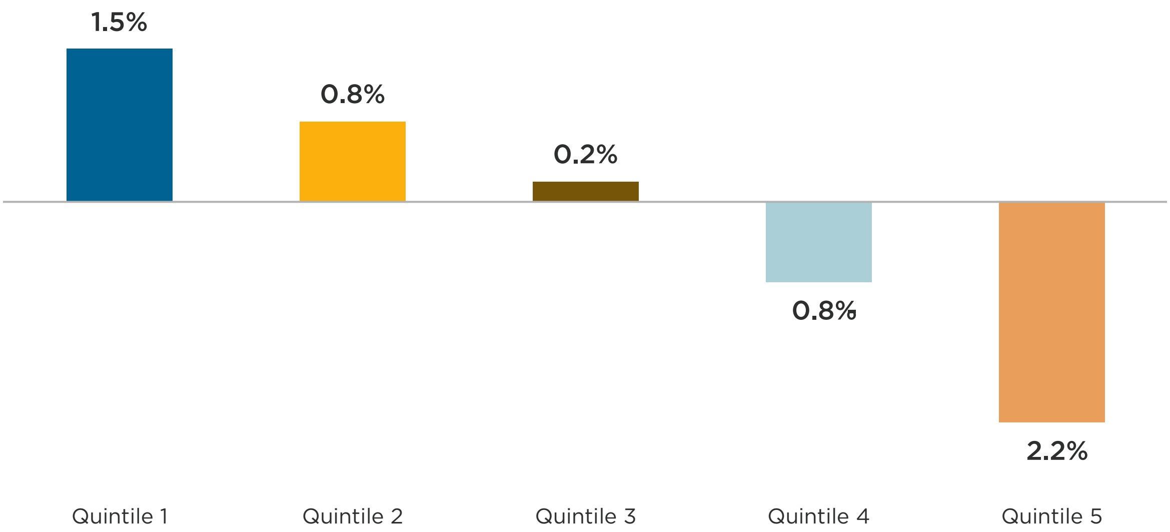
The Impax Corporate Culture Indicator

The regional scores roll up to comprise the global Impax Corporate Culture Indicator. We believe companies' placement on this continuum is an interesting marker of corporate culture and brings us a step closer to measuring its value.

The multi-factor Indicator elicits a stronger signal than any single metric alone. Our findings have led us to believe this Indicator, which has shown a historic correlation to outperformance, can serve as a proxy for stronger corporate culture. The chart below illustrates how, globally, the higher scoring quintiles of companies – based on Impax Corporate Culture Indicator scores – have outperformed the lower scoring quintiles, in nearly perfect order, over the past decade or so.[103]

Historic correlation between Indicator scores and relative performance

Impax Corporate Culture Indicator average excess 12-month return by quintile, 31 December 2012 to 31 December 2024



Figures refer to the past and that past performance is not a reliable indicator of future results.
This graph is intended to show the effectiveness of the Impax Corporate Culture Indicator when used as a screening tool to evaluate the performance potential of securities within the MSCI ACWI Index (ex-Energy) based on their culture scores. The companies are quintiled monthly based on corporate culture criteria and then an equal weighted average of the forward month's return is used. **There is no guarantee that these trends will continue and these scores are a single consideration in the investment process. This graph does not represent performance of any product or managed account strategy. No representation is being made that any account will or is likely to achieve results similar to those shown.**
Source: FactSet as of 31 December 2024. The data shown here is the cumulative monthly excess return of each equal weighted quintile in MSCI ACWI Index (ex-Energy) for the period of 31 December 2012 to 31 December 2024. Indexes are unmanaged and not available for direct investment.

Our current use of the Indicator, which is to avoid companies with weaker scores, makes this quintile analysis particularly useful and gives the active investor a large universe for identifying potentially attractive investments.

103 Traditional quantitative analysis uses one-month forward excess returns, but we use a 12-month measure as it reflects our longer holding period while remaining dynamic.

Another way to evaluate the Indicator's return forecasting efficacy is to estimate their information coefficient (IC).[104] The table below shows that over the decade-long sample period, we have seen a positive IC and statistical significance in the T-stat (defined in the footnotes below).[105] Interestingly, the introduction of the workplace equity factors in 2019 coincided with a noticeable improvement on both dimensions. One hypothesis is that post-pandemic work structures have prompted a notable shift in priorities for employees and employers, which have allowed businesses with supportive policies to benefit. According to this hypothesis, those with less supportive policies have been playing catch-up, in the face of additional headwinds not germane to their core business models.

Impax Corporate Culture Indicator information coefficient (IC) and IC T-stat

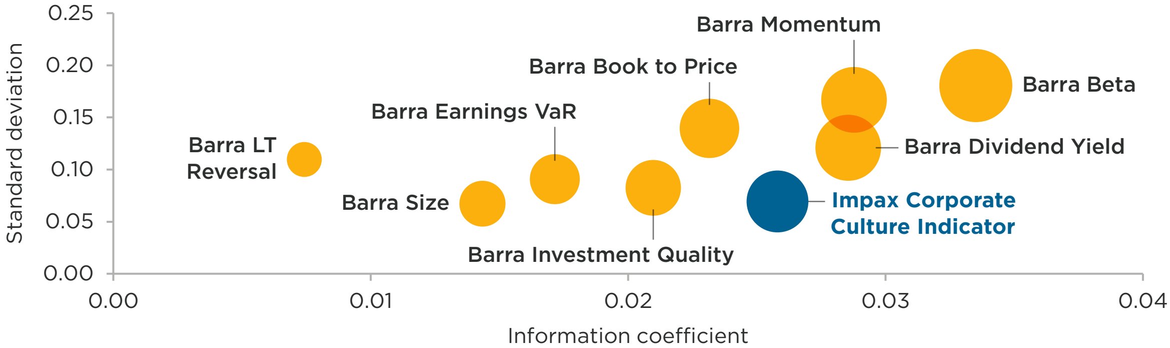
	Information coefficient	Information coefficient T-stat
31 December 2012 to 31 December 2024	0.0120	0.6441
31 July 2019 to 31 December 2024	0.0273	1.4604

Source: Impax, as at 31 December 2024, based on total shareholder returns. See footnotes below for definitions of the information coefficient and T-statistic (or T-stat).

The Impax Corporate Culture Indicator offers similar IC and volatility characteristics to a traditional style factor library, as illustrated in the graphic below through comparison with Barra style factors. These are part of a multi-factor model used to analyse and measure the risk and return of securities relative to the market. This chart compares forecasting ability (as measured by the information coefficient) and volatility (as measured by the standard deviation of the information coefficient) associated with eight individual Barra factors versus those of the Impax Corporate Culture Indicator as a factor.

Indicator vs traditional factors: comparable forecasting ability, lower volatility

Impax Corporate Culture Indicator and Barra style factors information coefficient matrix, 30 June 2019 to 31 December 2024



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Source: FactSet / Barra Risk Model, as at 31 December 2024.

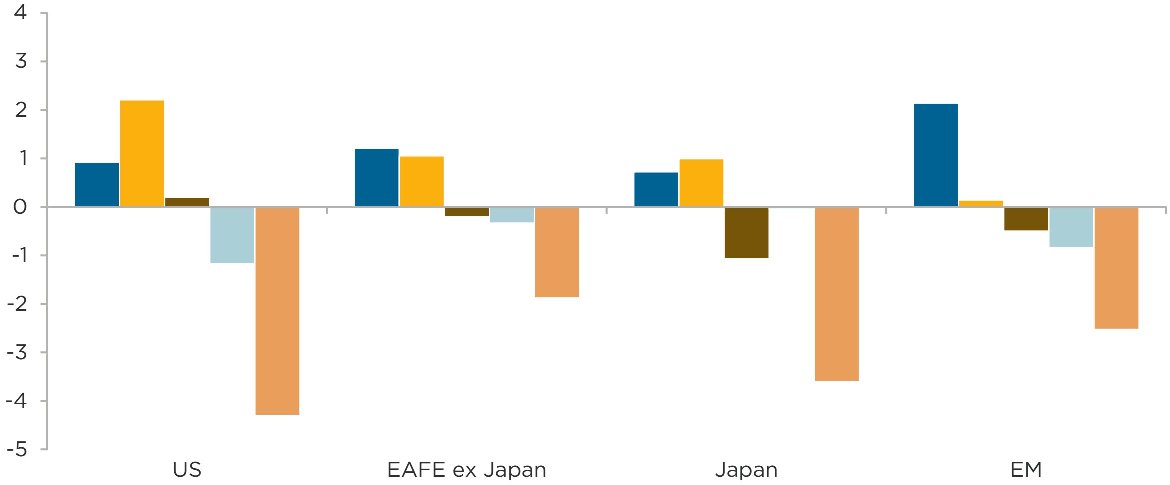
104 The Information Coefficient (IC) shows the correlation between predicted and actual stock returns. An IC of 1.0 indicates a perfect linear relationship between predicted and actual returns, while an IC of 0.0 indicates no linear relationship.

105 A T-statistic (or T-stat) is a number that comes from a statistical test called a T-test. This test helps determine if the difference between two groups' averages is meaningful or if it could be random. A higher T-stat indicates that the difference between the groups is likely significant.

Another interesting way to look at the overall Indicator's performance is by breaking it down into regions and sectors. While the magnitude and spread shape varies in these different groupings, the overall signal is consistent and supports the outperformance of the leaders versus the laggards.

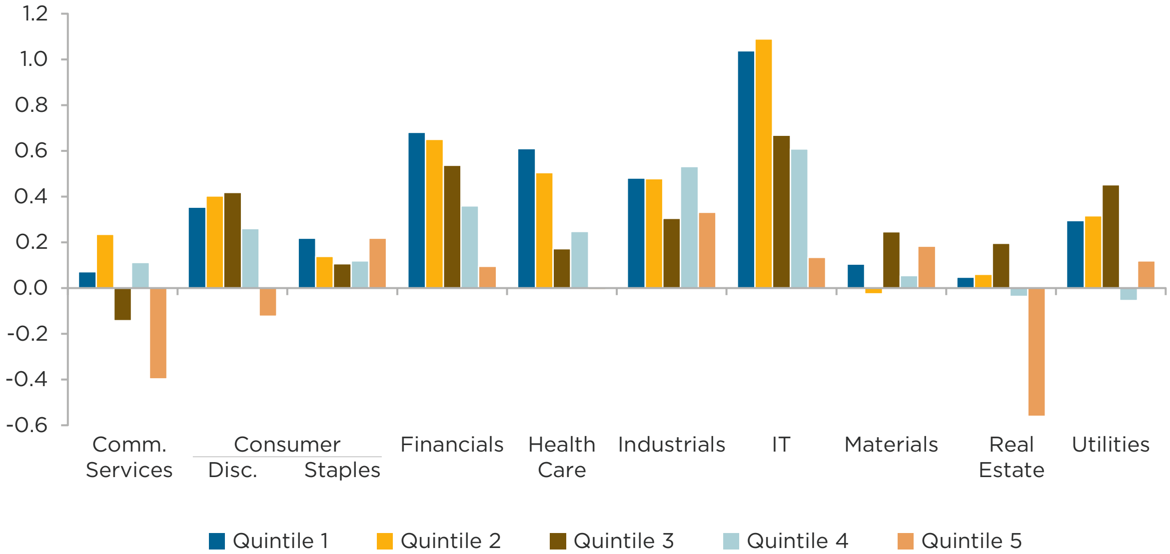
Indicator scores have correlated with relative performance in each region

Impax Corporate Culture Indicator average excess 12-month return by company region, 31 December 2012 to 31 December 2024 (%)



... and in most sectors of the economy

Impax Corporate Culture Indicator average excess 12-month return by company sector, 31 December 2012 to 31 December 2024 (%)



Figures refer to the past and that past performance is not a reliable indicator of future results.
This graph is intended to show the effectiveness of the Impax Corporate Culture Indicator when used as a screening tool to evaluate the performance potential of securities within the MSCI ACWI Index (ex-Energy) based on their culture scores. The companies are quintiled monthly based on corporate culture criteria and then an equal weighted average of the forward month's return is used. **There is no guarantee that these trends will continue and these scores are a single consideration in the investment process. This graph does not represent performance of any product or managed account strategy. No representation is being made that any account will or is likely to achieve results similar to those shown.**
Source: FactSet as of 31 December 2024. The data shown here is the cumulative monthly excess return of each equal weighted quintile in MSCI ACWI Index (ex-Energy) for the period of 31 December 2012 to 31 December 2024. Indexes are unmanaged and not available for direct investment.

While we are pleased with the progress that we have made and the potential of our tool for alpha generation, the Impax Corporate Culture Indicator continues to be a work-in-progress.

We are aware that our datasets are imperfect, and many measures of workplace culture are difficult to quantify. We are also mindful that we don't have complete, long-term data on many of these factors that would paint a clearer picture of correlations with financial performance over different market and economic conditions. However, the data that is available has enabled us to construct some strong hypotheses that we will continue to test as more and better data become available, and as economic conditions change.

Social Leaders in a portfolio

We believe that the specific proposition offered by the combination of the Impax Social Taxonomy and the Impax Corporate Culture Indicator tool is novel, so therefore are the opportunities that it represents.

With a broad investment universe, an investment in a portfolio comprised of shares in Social Leaders companies could act as an effective diversifier for long-term investors, potentially mitigating some of the systemic risks facing global society.

We believe that it can offer the potential to capture new alpha as a core allocation through a focus on corporate culture as a long-term driver of outperformance. Portfolio companies' products and services can also deliver social impact.

Social Leaders can contribute to diversification

Companies that the Impax Social Taxonomy highlights tend to have a quality and growth tilt, with defensive characteristics. Because the Taxonomy skews toward consumer-facing companies, a portfolio of Social Leaders can complement other thematic strategies, including within environmental markets, that often are overweight to the industrials and materials sectors.

The secular macroeconomic drivers outlined in this paper, from ageing populations to automation, are creating opportunities complementary to those arising in environmental markets for investors focused on the transition to a more sustainable and inclusive economy.

Social Leaders can deliver long-term growth

We believe companies whose revenues are tied to unsustainable consumer practices, like exploitative finance or unhealthy food products, are not positioned to benefit from the tightening ratchet of government regulation and evolving customer preferences.

In contrast, companies whose products and services are aligned with a more sustainable and inclusive society stand to benefit from powerful tailwinds provided by government policy and the evolving preferences and demographics of consumers. This is demonstrated by the secular long-term growth of areas like digital and financial infrastructure.

The Impax Corporate Culture Indicator can generate alpha

By looking at factors around human capital that have historically been most correlated with alpha generation, we believe we can develop an understanding of the financially material aspects of workplace culture. We then use this tool to screen in companies showing indications of strong corporate culture.

We believe companies that score highly on our quantitative tool, the Impax Corporate Culture Indicator, are those best positioned to the long-term growth opportunities created by structural changes in the global economy.

Social Leaders can help mitigate exposure to systemic societal risks

Global society faces a breadth of systemic risks, ranging from environmental threats like devastating biodiversity loss to non-environmental threats like instability in the financial system. By their nature, systemic risks can impact asset values and business models across all sectors of the global economy.

Drivers of these systemic risks are typically multifaceted, but can often be mitigated. Where companies' products and services can help address the root cause of such risks, they could potentially benefit from rising demand.

For instance, innovative drugs and medical devices can help address mitigate systemic risks facing healthcare systems that are under growing financial strain. Innovative GLP-1 drugs promise to radically alter food consumption habits that are a primary driver of rising obesity.[106] Meanwhile, advanced monitoring tools help diabetics better manage their insulin levels, reducing healthcare system costs.[107]

Given their role in enabling solutions to challenges like these, we believe that Social Leaders can make a portfolio more resilient to systemic societal risks.

Social Leaders can deliver impact

We invest with intentionality around companies' business models, as we believe they will deliver impact by virtue of the nature of their products and services. Our strategy does not target impact, but each year we report on the outcomes enabled by our investee companies' products and services. Metrics for social impact include the following:

1	Number of patients treated/supported by healthcare services
2	Healthy and nutritious food provided (tonnes)
3	Number of individuals provided with access to essential financial services
4	Number of individuals digitally connected

For more information on our approach to measuring social impact, please see the **Impax Impact Report 2024**.

106 Wang, J-Y., et al., 2023: GLP–1 receptor agonists for the treatment of obesity: Role as a promising approach. *Frontiers in Endocrinology*.
107 Norman, G.J. et al, 2022: Diabetes Technology & Therapeutics: Association Between Real-Time Continuous Glucose Monitor Use and Diabetes-Related Medical Costs for Patients with Type 2 Diabetes.

Identifying Social Leaders: combining the ‘what’ with the ‘how’

We have identified clear drivers of opportunities for companies whose products and services meet society’s most pressing challenges.

We have also identified indicators of corporate culture that are historically correlated with stronger risk-adjusted shareholder returns.

By combining these two elements – ‘what’ companies do with ‘how’ they approach business – we can develop a focused, but diversified portfolio of Social Leaders.

Our approach leverages two deeply ingrained traditions at Impax: first, creating proprietary taxonomies to highlight pockets of investable opportunities; and second, developing a deep understanding of companies, including their workplace practices.

We believe that this represents an innovative and differentiated framework for investing in global equities. As the transition to a more sustainable and inclusive economy progresses, it is our conviction that the opportunity set within Social Leaders will continue to expand.

Editorial and Design: Paul French, Eloise Lavell, Adam Palin and Jarrod Gibbons

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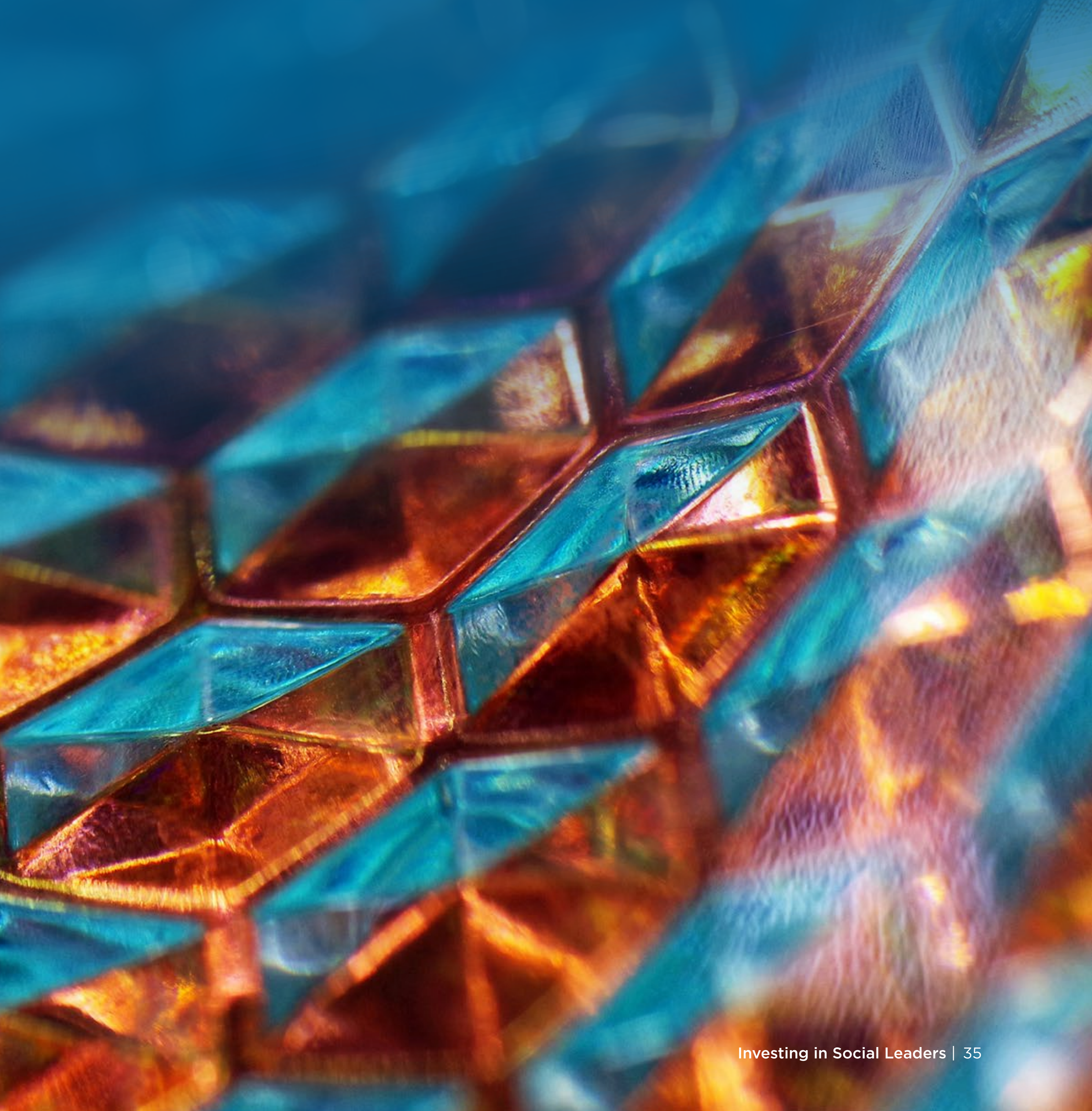

Appendix

Key risk considerations of the Impax Global Social Leaders strategy

General portfolio risks

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

Definitions and disclosures

The Impax Corporate Culture Indicator is a proprietary framework that seeks to assess workplace factors to help evaluate broader corporate culture through workplace factors, including management of human capital, gender leadership score, diversity disclosure, profitability per employee, workplace equity policies, employee turnover, women in management, women on the board, management of labour, safety and human rights policies, and race and identity disclosure. The investment managers analyse available social behavioural data across multiple sources, including in-house research and third-party providers to evaluate every company in the MSCI ACWI (ex-Energy) universe utilising the workplace factors noted above. Companies are scored from 0–100, with 0 being the lowest score and 100 being the highest score. Data is market capitalisation and sector neutral where appropriate.

Management of Human Capital: companies are evaluated on their workforce talent requirements and their ability to attract, retain and develop a highly skilled workforce. Companies with positive indicators of corporate culture are identified as those with higher scores relative to the rest of the universe.
Data source: MSCI.

Gender Leadership Score: a blend of gender leadership factors collected by the Impax Gender Analytics Team including female CEO/CFO, top quartile % for women in management, top quartile % women on the board and top quartile year-on-year growth in women on the board %. Companies with positive indicators of corporate culture are identified as having at least two out of these five indicators.
Data source: Impax Gender Analytics Team.

Diversity Disclosure: identifies characteristics (for the company's Board of Directors and top executives like CEO, CFO and CLO) through publicly available corporate as well as additional reference. Companies with positive indicators of corporate culture are identified as those companies who are disclosing this data.
Data source: DiversIQ.

Profitability per Employee: measured by EBITDA (earnings before interest, taxes, depreciation and amortization) divided by the number of employees at a company. Companies with positive indicators of corporate culture are identified as those companies with high levels of profitability, relative to other companies in the same GICS (global industry classification standards) sector.
Data source: FactSet Fundamentals annual reported data.

Workplace Equity Policies: binary indicators are based on many underlying policies and procedures flagging whether a company is making efforts in multiple areas of workplace equity, including pay equity, talent pipeline, diversity targets and disclosure. Companies with positive indicators of corporate culture are identified as having successfully implemented three out of four of these areas.
Data source: Impax Gender Analytics Team.

Employee Turnover: number of employees that left the company within the past year expressed as a percentage of the average total number of employees. Companies with positive indicators of corporate culture are identified as the top half of companies with the lowest turnover after adjusting for market cap.
Data source: Bloomberg.

Women in Management: year-on-year growth in the percentage of women in key management positions divided by total key management positions as defined by Impax Gender Analytics Team. Companies with positive indicators of corporate culture are identified as those with higher scores relative to the rest of the universe.
Data source: Impax Gender Analytics Team.

Women on Boards: the percentage of board members who are women. For ex-US and ex-Japan companies only and market cap adjusted. Companies with positive indicators of corporate culture are identified as those with higher scores relative to the rest of the universe.
Data source: Impax Gender Analytics Team.

Management of Labour: measures the relationship between management and labour and the strength of a company's worker protections, using inputs such as strength of worker protections, quality of restructuring policies and programs, support for degree or certification initiatives for employees and frequency of employee satisfaction surveys. Companies with positive indicators of corporate culture are identified as those with higher scores relative to the rest of the universe.
Data source: MSCI.

Safety & Human Rights Policies: presence of policies to safeguard employees and human capital across the value chain. Companies with positive indicators of corporate culture are identified as those who have relatively more policies in place than the universe.
Data source: Bloomberg.

Race & Identity Disclosure: the disclosure of and external reporting on a company's board and management's race and LGBTQ data. Companies with positive indicators of corporate culture are identified as those companies who are disclosing this data.
Data source: Bloomberg.

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