Engagement Report 2021
Building resilience in a changing world
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Engagement is a useful compass for navigating the transition to a more sustainable economy.
Impax Asset Management Engagement Report

Impax buys company securities that we believe are well-positioned to add value over the long term, as we make the needed transition to a more sustainable, low-carbon economy. We expect the companies in which we invest to adapt intelligently to changing conditions, but no company is perfect, and sometimes we believe companies can do more to avoid the risks and embrace the opportunities associated with the transition to a more sustainable future.

That is why we engage with the companies whose securities we hold. Engagement helps us understand the companies better, and it allows the companies to understand our decisions better; buy and sell decisions convey little information by themselves. Engagement helps us determine how companies understand their own risk and opportunity landscapes and helps us improve our pricing of risks — particularly emerging ones such as physical climate risks and water availability. Finally, because companies that focus on environmental, social and governance factors often tend to outperform those that are less sustainably focused, successful engagements can at times make companies even better investments.

We also engage with various governmental entities whose actions can help level the financial playing field for companies with more sustainable operations. In 2020, the year that this report covers, we saw some agencies in the United States act to increase barriers to sustainable investment while the European Union and United Kingdom worked to create rules to better define the sustainable investment landscape. The public policy landscapes of the world’s economies have a lot to do with the present and future of sustainability in financial markets, and here, too, we see that investors’ voices can make a positive difference.

2020 was a year unlike any other, and our engagement activities reflect that; we focused on emergent issues such as COVID-19 and its many ancillary effects while continuing to press on the issues that we believe pose the greatest challenges to the transition to a more sustainable economy:

• climate change,
• environmental issues such as pollution and resource depletion,
• human capital issues such as diversity, equity, inclusion, environmental justice, and health and safety, as well as corporate governance.

Making headway on these first three sustainability challenges will make it easier to solve every other problem that society and business confront; if we do not manage to make progress on these global sustainability issues, it is unlikely that we will see progress on many other fronts. Corporate governance, while not a sustainability issue per se, is the umbrella under which everything else happens in a corporation, and it can either support or impede efforts to achieve greater resilience and sustainability.

We believe that engagement done right helps our firm, our clients and the companies in which we invest. Navigating the transition to a more sustainable economy will lift all the world’s economic boats; engagement is a good compass for that journey.


Why We Engage

Engagement helps us both mitigate risk and enhance value and investment opportunities. The Impax investment process relies on a comprehensive understanding of the character and quality of our companies, including material environmental, social and governance (ESG) issues as well as areas of potential improvement. We believe it is in the interest of our investors that we engage with our investee companies to help minimize risks, protect and enhance shareholder value, promote greater transparency on ESG issues and encourage companies and issuers to become more resilient over time.

Engagement allows us to:

manage risks by proactively identifying and mitigating issues
understand a company’s character better, which lends insight about its quality and resilience
strengthen companies over time by improving quality, processes, transparency and resilience

How We Engage

Direct engagement and shareholder resolutions: We engage directly with our portfolio companies and issuers, including meeting with management teams and filing shareholder resolutions when we see opportunities for companies to adopt higher sustainability standards and become more resilient.

Proxy voting: Proxy voting is an important catalyst for dialogue on corporate governance best practice, both before and after companies’ annual general meetings. We vote 100% of our proxies on issues ranging from board structures, board of director elections and executive compensation to environmental and social issues.

Collaborative engagements: We partner with other investors to catalyze progress on critical environmental, social and governance issues. Collaborative efforts help us expand our reach and influence beyond what we own in our portfolios.

Public policy advocacy: Making our voices heard with public policymakers is a key part of shareholder engagement. See page 22 for details on some of our public policy advocacy efforts during 2020.
How We Identify Engagement Opportunities

**Bottom-up:** As part of our ongoing, proprietary company and issuer-level ESG analysis, we identify company- and issuer-specific matters and risks and actively engage with companies and issuers about these matters.

**Top-down:** Every year we assess and outline the engagement priorities for the next 12 months. These priorities are based on market developments and emerging ESG and sustainability issues that are relevant and material for our companies and issuers. Then we identify the companies and issuers most exposed to the topics in question and focus our engagement on those companies and issuers.

### Proxy Voting 2020

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

In ShareAction’s “Voting Matters 2020” report, Impax’s voting record ranked first out of 60 of the world’s largest asset managers on 102 shareholder resolutions on climate change, climate-related lobbying and social issues.

In Morningstar's 2020 proxy voting report, Impax's support for key ESG resolutions exceeded the conventional funds’ average and sustainable funds’ average by wide margins.

### Engagement Focus Areas in 2020

In 2020 our engagements fell into four primary focus areas and three distinct regions.

**Climate:** We encouraged companies to hone their processes for, management of and transparency around climate-related physical risks and the risks they face amid the transition to a more sustainable economy.

**Human Capital Development (including diversity, equality and inclusion):** We engaged with investees about the diversity of their workforce and boards of directors as well as pay equity, worker safety and environmental justice.

**Sustainability Management:** We encouraged companies to develop material sustainability processes and disclosures.

**Governance:** We engaged with companies about tax practices and transparency as well as governance structures and diversity.

**Regions**

- **North America:** 23% of engagements with companies were about corporate governance.
- **Europe:** 27% of engagements with companies were about human capital development.
- **Asia-Pacific:** 14% of engagements with companies were about human capital development.
- **Rest of the world:** 0.4% of engagements with companies were about human capital development.

*27% of engagements with companies were about climate.

*27% of engagements with companies were about sustainability management.

*23% of engagements with companies were about human capital development.

*23% of engagements with companies were about corporate governance.


\*Jackie Cook, Jon Hale, “Sustainable Fund Proxy Votes Show a Range of Support for ESG Measures,” Morningstar Research, December 2020. (Conventional funds defined by Morningstar as funds offered by the 20 largest U.S stock fund managers. Sustainable funds include open-ended and exchange-traded funds available in the U.S. that are tagged as “sustainable investments” by Morningstar.)
A conversation with David Loehwing about how the global pandemic changed engagement in 2020

David Loehwing is Vice President of Sustainable Investing

Q: How did the pandemic change the way Impax engaged during 2020?

David Loehwing: Early in the year we began analyzing companies’ handling of the COVID-19 crisis, looking at such issues as how they were implementing furloughs, how they were handling executives’ pay amid company-wide cuts and how they were ensuring the safety of their employees and customers. We wanted to find out what they were doing about the human capital concerns unearthed by the pandemic. Because a company’s success is often tied to the success of its workers, this offered critical insight about the long-term prospects of the companies we looked at.

Q: So many businesses and sectors were impacted. How did the team prioritize these engagements?

David Loehwing: Initially we prioritized companies with front-line staff, such as food retailers, water and waste utilities and healthcare facilities. We also focused on businesses with supply chain complexities, such as auto parts companies. As the year progressed, we also began focusing on compensation and other areas that you will see outlined in this report.

Q: How did you find companies responded to the pandemic overall?

David Loehwing: Most companies adapted well, although some initially struggled to obtain sufficient personal protective equipment for their front-line staff, and that created some delays to operations. We found some acceleration in “reshoring,” that is, bringing parts of production and supply chains back to the home region. Some companies took quite an innovative approach to making flexible work arrangements for employees. Autodesk is one example. The company introduced “remote school leave” that employees could use to support their children in remote learning.

Q: Any other new areas of engagement during 2020?

David Loehwing: We made environmental justice a bigger focus of our work. Early on, COVID data was showing that racial and ethnic minorities were being more affected by the virus than white communities. Part of the reason for this is where racial and ethnic minorities live — highly polluting industries tend to have facilities in or near predominately minority neighborhoods. Individuals who live near polluting facilities tend to have higher rates of respiratory distress, asthma, and other conditions that made them more susceptible to the viruses.

From an environmental perspective, this really mirrored the racial inequalities that came under the spotlight during 2020, and it highlighted the need for us to zero in on environmental injustices that make some citizens more vulnerable than others. We began engaging with chemical companies to find out what they were doing to reduce their neighbors’ exposure to health-harming pollutants.

Ensuring the success of all workers will be key components of risk management and business continuity going forward, and we will continue engaging with companies on this topic to help them identify structural changes that could make them more resilient.

Q: Will the engagements around COVID-19 and environmental justice continue?

David Loehwing: Yes, the environmental justice engagements are ongoing and we will continue to look for new opportunities on that topic. Also in the months ahead we will talk with companies about what “return to work” looks like and how they will structure an environment that encourages all employees to take advantage of new flexible work benefits or parental leave, for example. Or how they will ensure remote workers and on-site workers have the same access to opportunities. It will be interesting to see how companies reset norms and take advantage of new opportunities to level the playing field.

We noted positive outcomes in more than 40% of our company engagements during 2020. In 14% of engagements, we believe the positive outcome was largely driven by our engagement efforts.
Engagements focused on climate change

Climate Engagements

We encourage companies to hone their processes for, management of and transparency around climate-related physical risks and the risks they face amid the transition to a more sustainable economy.

Topics covered:
- Physical climate risk
- Climate adaptation solutions
- Deforestation
- Emissions reduction
- ShareAction's RE 100
- ShareAction's EV 100

Climate Milestone Spotlight: Beijing Enterprise Water Group, China

ESG Topic: Physical climate risk

Objectives:
1. To source localized, plant-level data from the company (achieved)
2. To raise the company’s awareness about physical climate risk (achieved)
3. To gain insight into the company’s physical climate risk exposures (achieved)
4. To seek the company’s commitment to implement risk-mitigating processes (clear interest, ongoing)

Scope and process:
The Impax physical climate risk model is a proprietary tool our firm uses to analyze a company’s exposure to the physical risks posed by a changing climate, such as sea level rise and resource scarcity. We encourage companies to share the precise location data of their facilities so we may analyze their physical climate risks.

During our engagement with water infrastructure and technology provider Beijing Enterprise Water Group, the company provided location data for 500 of its water treatment sites in China. We ran it through the physical climate risk model and shared the results using a forward-looking scenario that outlined the company’s most significant risk areas. The analysis showed water stress and heat stress for some of the company’s China-based plants and sea level rise risk for certain plants in coastal regions.

Although the company had been aware of some of its risks related to climate change, the analysis provided greater insight about its direct exposure to physical climate risk. The company has since provided additional plant location data and requested further analysis. The company has also expressed interest in learning more about physical climate risk mitigation.

Outcomes:
Objectives 1-3 achieved; objective 4 is ongoing.

“When it comes to climate change, the conversations we are having with companies are evolving because more firms are interested in getting ahead of curve.”

— Greg Hasevlat
Impressions

Members of our global sustainability research team share their impressions of what turned out to be an atypical year in many respects, including shareholder engagement.

Miriam Benarey is Sustainability & ESG Analyst, Senior Associate

Q: Looking back on the year 2020 in engagement, were there any interesting developments?

Miriam Benarey: In 2020 we saw more of the companies we engage with dedicate resources toward integrating sustainability in their organizations, into their corporate strategies. That is a change from the year before, where the companies we engaged maybe still thought of sustainability oversight as a more distant-future need. So, I think integrated sustainability management has become more of a push for companies. Specifically, we saw more companies make sustainability an area of board-level oversight. That is a huge catalyst in a company’s sustainability journey. When they get that buy in from senior leadership and have that solid structure of managing sustainability as part of the overall corporate structure, that is fantastic. The board is on board. Sustainability becomes a central aspect of corporate management.

Greg Haselvat is Vice President, Sustainability Research Analyst

Q: What strikes you as one of the most important developments of 2020 in terms of sustainability issues?

Greg Haselvat: In terms of companies’ sustainability journeys, human capital issues like inequality, environmental injustice, COVID-19 fallout and other serious issues are now on par with climate change. Climate change has been a huge focus for companies, appropriately. But with the pandemic, companies began to realize that there were all these human capital issues that maybe they had sort of paid attention to but had not really focused on. I think COVID triggered human capital issues with large being elevated to the importance level of environmental issues in the sustainability and investing landscape. I’m not saying that was the case in other sectors, but in our world climate change has always been the 800-pound gorilla in the room and other issues have been important but really specialized. Now the conversations have become much deeper than ‘we need to buy renewable energy to mitigate climate change.’ I think 2020 was a trigger that elevated social issues up to the same level as climate change, and that’s important.

Heather Smith is Vice President, Lead Sustainability Research Analyst

Q: Based on your engagements in 2020, what makes you hopeful going into the months ahead?

Heather Smith: Because the pandemic has gone on so long and because, unfortunately, high-profile examples of racial bias continue to dominate the headlines, there is continuing pressure on companies to get things right. I am hopeful that from that we will start to see more meaningful change.

We have long known that there are biases built into our societal system, that the system has been stacked against women and people of ethnic and racial minority groups for a long time, but 2020 really laid bare how inequality affects the lives of people in so many ways. That cannot be unseen, nor should it be.

Many more investors are now interested in racial justice, environmental justice, gender and racial equality and are taking action on these issues through proxy votes and their own engagements. At the same time, customers have higher expectations of companies, particularly consumer-facing companies. I am hopeful that the increase in statements and high-level commitments that we saw in 2020 will translate into tangible action this year — that companies will publish disclosures or metrics or other indications that the promises they made in the immediate aftermath of 2020’s unfortunate events will be a long-term focus.
Human Capital Development Engagements

We engage with investees about the diversity of their senior management teams, boards of directors and workforces, as well as pay equity, paid leave, flexible work policies, and the safety and health of workers, customers and communities.

Topics covered:

- Workforce diversity
- Pay equity
- Health and safety
- Human rights
- COVID-19
- Environmental justice

115 Engagements focused on human capital development

Human Capital Development Milestone Spotlight: Hubbell, Inc., United States

<table>
<thead>
<tr>
<th>ESG Topic:</th>
<th>Human Capital Development (board diversity)</th>
</tr>
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| Objectives: | 1. Raise awareness about the benefits of improved diversity (achieved)  
2. Raise awareness about how to implement improved diversity (achieved)  
3. Propel positive diversity outcomes within the company (achieved)  
4. Encourage diversity-related policies and targets (ongoing) |
| Scope and process: | When we first began conversing with energy efficiency company Hubbell in 2017, the company had little diversity on its board of directors. Our early engagements focused on helping the company understand the many benefits of a more diverse workplace, such as more innovation, more positive environmental impact and better financial performance.  
In later conversations we shared practicable strategies for diversifying both its workforce and its board of directors. Hubbell has since welcomed two female independent non-executives to its board, with the most recent appointment in 2020.  
We were delighted when the company let us know that our engagements had been instrumental in driving this positive change.  
Today our engagements with Hubbell focus on helping the company improve its diversity policies and targets. Doing so will help cement its great strides on diversity into permanent practices within the company. |
| Outcomes: | Objectives 1-3 achieved; objective 4 ongoing |
Pressing for Equity

Pay equity and leadership diversity continue to be at the forefront of Impax engagement efforts. In early 2020, we reached out to PNC Financial to request a dialogue about pay equity. They were responsive and we scheduled a meeting. During the conversation, the company shared the steps it was taking to address pay equity. We encouraged PNC to disclose both its commitment to pay equity and its pay equity data. The company published that data for the first time when it released its sustainability update in the fall of 2020.

This was an important milestone not only because it moves pay equity a step closer to ubiquity but also because of its timing. While other companies may have been pulling back from non-pandemic-related initiatives, PNC kept its finger to the pulse.

“Wage equity is not something that we can pay attention to only when we are not in a crisis.”

“It indicated that PNC was still engaged on other important issues even at a time when resources may have been constrained,” says Heather Smith, Lead Sustainability Analyst. “Wage equity is not something that we can pay attention to only when we are not in a crisis, particularly when a crisis is exacerbating pay and wealth gaps for women and people of color, as this one was. The fact that PNC considered our feedback and upped their disclosure even amid a crisis underscored their focus and commitment to diversity and inclusion.”

Shareholder Proposals

Shareholder proposals are essential tools for getting management’s attention. We file them when we see opportunities for companies to adopt higher sustainability standards but attempts at dialogue with the company have not come to fruition. We include a business case for any action we ask a company to take through a shareholder proposal.

In 2020 we filed three shareholder proposals:

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<th>Shareholder Proposals</th>
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<tbody>
<tr>
<td><strong>HCA Healthcare</strong>*</td>
</tr>
<tr>
<td><strong>ESG topic:</strong> pay equity</td>
</tr>
<tr>
<td><strong>Status:</strong> HCA published pay equity disclosure; shareholder proposal withdrawn</td>
</tr>
<tr>
<td>*Co-filed with New York City Pension Funds</td>
</tr>
<tr>
<td><strong>Oracle Corp.</strong>*</td>
</tr>
<tr>
<td><strong>ESG topic:</strong> pay equity</td>
</tr>
<tr>
<td><strong>Status:</strong> This was the fourth consecutive pay equity shareholder proposal we filed with Oracle. The 2020 proposal received substantial (46%) support during Oracle’s 2020 shareholder meeting.</td>
</tr>
<tr>
<td>*New York City Pension Funds co-filed in 2020</td>
</tr>
<tr>
<td><strong>Tractor Supply Company</strong>*</td>
</tr>
<tr>
<td><strong>ESG topic:</strong> diversity (senior management)</td>
</tr>
<tr>
<td><strong>Status:</strong> Company published D&amp;I disclosure; shareholder proposal withdrawn</td>
</tr>
<tr>
<td>*Co-filed with Trillium Asset Management</td>
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</table>

67% of shareholder proposals filed in 2020 were withdrawn after successful dialogue with the company in question.
Engagements focused on sustainability

Sustainability Management Milestone Spotlight: Trimble, Inc., United States

**ESG Topic:** Sustainability Management

**Objectives:**
1. Raise awareness about materiality, reporting frameworks and investor-useful data (achieved)
2. Encourage the company to increase oversight of sustainability (achieved)
3. Encourage the company to increase transparency about sustainability efforts (achieved)
4. Encourage reporting of certain sustainability data (partially achieved, company committed)
5. Encourage sustainability target-setting (partially achieved, company committed)

**Scope and process:**
Trimble is a U.S.-based sustainable and efficient agriculture specialist. We have engaged with Trimble multiple times during recent years and have seen the company become more accountable on sustainability.

In 2020, Trimble took a key step in this direction by appointing its first head of sustainability. This is a strategic necessity for any company that is serious about becoming a sustainability leader, and it is a key milestone on Trimble’s sustainability journey. Trimble was one of several of the companies with which we engaged to create a sustainability leadership position in 2020.

Also in 2020, Trimble improved its transparency on sustainability by including in its CDP disclosure emissions reduction commitments and targets.

These are two matters on which we have engaged extensively with Trimble. We are pleased with the company’s progress to date and are encouraged by its continuing forward momentum — today the company is exploring science-based targets and TCFD disclosure.

**Outcomes:**
Objectives 1-3 achieved; objectives 4 and 5 ongoing
Governance Engagements

We engage with companies about tax practices and transparency as well as governance structures and diversity.

Topics covered:
- Executive compensation
- Board independence
- Dual class shares
- Board structure
- Board tenure
- Director elections
- Shareholder rights

Engagements focused on corporate governance

Governance Milestone Spotlight: Brambles Ltd., Australia

ESG Topic: Governance

Objectives:
1. Raise awareness about the importance of good governance to long-term value creation (achieved)
2. Help the company understand why board declassification is important for long-term value (in consideration)

Scope and process:
We began discussions with waste technology equipment company Brambles Ltd. in 2018 when we noticed room for improvement in the company’s governance practices. Since then we have had a series of conversations with the company, most of which have focused on the classified nature of its board of directors.

Classified boards are those on which directors are grouped into classes and only one class is open to election each year. Thus, on classified boards, directors serve multiyear terms. This can lead to entrenchment as well as decreased accountability, as shareholders cannot express their views freely in director elections, as only parts of the board of directors will be on the ballot in a given year.

During our conversations with Brambles we stressed why declassification is a matter of great importance, particularly when it comes to shareholders’ ability to vote effectively and to keep board directors accountable. The company announced in 2020 that it will consider board declassification.

We will follow up with Brambles in Q3 2021.

Outcomes:
Objective 1 achieved; objective 2 ongoing/in consideration
Global Policy Update and Horizon Scanning

Chris Dodwell is Head of Policy and Advocacy

Making our voices heard with public policymakers has been part of our firm’s work for decades. In this realm of engagement, we strive to influence policy outcomes that support solutions to environmental and social challenges. Through such advocacy we can both maximize the effectiveness of policies and identify future investment opportunities.

We headed into the year 2020 with a refreshed global advocacy strategy focused on the following key themes:

• financing the transition to net-zero emissions,
• greening the financial system, and
• human capital matters such as diversity, equity and COVID-19.

Financing net zero

The global transition to net-zero emissions is relevant to all our investment activity, regardless of geography or sector, and it has become a mainstream finance issue. During 2020, we offered perspective on how to overcome barriers to mobilizing private investment at the scale required by the Paris Agreement. Specifically, we encouraged governments to make investment opportunities more explicit by breaking down their national climate goals into clear sectoral roadmaps laying out likely timelines for the deployment of capital into new technologies and infrastructure. We also called on policymakers to establish dialogues with investors and other key stakeholders on the design of policies likely to attract finance into the solutions needed in each sector.

We captured these recommendations and others in our Clean Investment Roadmaps whitepaper, published in July 2020, which we shared with the UK COP26 team as a possible blueprint for enhanced collaboration between policy and investment communities. We were encouraged to see our calls for net-zero sectoral roadmaps and investment dialogues echoed in statements to governments released ahead of the G7 Summit by the Investor Agenda (signed by 456 investors representing more than USD $41 trillion in assets) and the B7 group of international business federations.

Greening the financial system

We have also supported initiatives in both Europe and the United States to “green” the financial system by introducing effective regulatory frameworks for sustainable finance. A focus of this work has been helping regulators encourage implementation of Taskforce on Climate-related Financial Disclosure (TCFD) recommendations on integrating the risks and opportunities arising from physical impacts of climate change and the transition to a low-carbon economy. We participated in the Climate Financial Risk Forum, convened by the Bank of England and the Financial Conduct Authority to share best practices on the management of climate risks, where we helped develop a set of “decision-useful” metrics for asset managers, banks and insurers. We also responded to the Bank of England’s discussion paper on its 2021 biennial exploratory scenario on the financial risks from climate, building on ideas set out by Ian Simm, Impax Founder and CEO.

Managing human capital development

As you have seen in this report, pay equity is one of our engagement focus areas. A few years back, we submitted a petition for rulemaking asking the SEC to require companies to report their gender pay ratios on an annual basis. In 2020, we updated this petition to ask that companies also be required to report pay ratios by race. The Biden-Harris administration has made equality a pillar of its plans to move America forward, and we are hopeful that the SEC will take up this petition in the months ahead.

A spate of other policy maneuvers in U.S. agencies kept our fingers flying over our keyboards during 2020. We submitted a letter to the SEC opposing a proposed rule to significantly curtail shareholder resolutions. We registered opposition to two proposed rules at the Department of Labor (DOL) — one that sought to limit ESG investment options in public retirement plans and one designed to hush the voices of certain shareholders by making proxy voting much more onerous. All these letters summarized the strong case, represented by hundreds of papers and studies, for the relevance of ESG factors to corporate financial performance and financial risk. Encouragingly, the DOL’s new leadership has announced it will not enforce the retirement plan rule, and the SEC has stated that it expects to issue new rules to improve climate risk and human capital disclosures.

In this area we have focused on the integration of physical climate risk into investment decisions. Impax is a founding member of the Coalition on Climate Resilient Investment, which aims to develop practical solutions for the pricing of physical climate risks into investment decisions. We have also been working with Ceres on case studies about portfolio climate risk management and how to address climate as a systemic risk. In 2020 we asked the U.S. Securities and Exchange Commission (SEC) to require companies to disclose the precise locations of their significant assets so that investors, analysts and financial markets can better assess the physical risks they face connected with climate change. While that petition for rulemaking has not yet been taken up, the agency has made several pronouncements about the importance of seeing climate change as an investment risk and has promised to step up enforcement on non-disclosure of climate risks through its newly created Climate and ESG Task Force.

We have also participated actively in the European Union’s effort to develop a regulatory framework for sustainable finance. In addition to contributing to the IGCC’s responses to consultations on the Non-Financial Reporting Directive and the shape of the future EU Sustainable Finance Strategy, we also participated in PRI’s EU Taxonomy Practitioners Group, submitting a detailed case study on the application of the EU green taxonomy to a number of our investee companies.

Looking ahead

During the months ahead we will continue to push for ambitious national action in the UK and Europe, and we plan to become more actively engaged in U.S. policies supporting the transition to net zero, building on the early momentum generated by the Biden-Harris administration. Through our work with the UK’s Green Finance Institute and the Energy Transitions Commission, a global coalition of leaders from across the energy landscape committed to achieving net-zero emissions by mid-century, we intend to take a deeper dive into the policies that will drive the transition in key sectors, including clean electricity, hydrogen and transport. The UK will host COP26 in November 2021, and we will capitalize on opportunities to amplify our messages during this global climate event.

In recent months, in recognition of the growing relevance of biodiversity risks to investors, Impax has supported work on the proposed Taskforce on Nature-related Financial Disclosure, helping to define the scope of the taskforce and the sectors on which it should focus, starting with the food supply system. This work has reinforced our concerns about the lack of actionable goals for biodiversity loss equivalent to those in the Paris Agreement, which is an area on which we intend to focus this year.

Bringing about public policy change often seems to take a long, slow arc to completion, but with ice sheets collapsing, resources diminishing and inequality widening, there is a new urgency to deliver the major changes needed to transition to a more sustainable economy and a growing recognition of the crucial role the financial sector can play in accelerating that transition. We look forward to helping shape the important work ahead.

The global transition to net-zero emissions is relevant to all our investment activity, and it has become a mainstream finance issue.

This year.

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This year.
New Energy

The Impax New Energy Strategy develops, constructs, operates and sells wind, solar and small-scale hydro-electricity generation projects in Europe. In this private markets area of the business, engagement takes a different form.

“As the owner of these projects, we engage with local stakeholders in the communities where they are located,” explains Rhiann Gray, Director, Head of Commercial Asset Management & ESG for the Impax private equity/infrastructure team.

In fact, engagement is a constant part of the work of the Impax project managers who oversee construction and operations at these sites. Whether conversing with a landowner in France, a grid operator in the Netherlands or a permitting organization in Poland, the objective is to produce a project that helps to decarbonize the European energy system while ensuring the local community thrives.

“If we are building in an area of Norway where reindeer are known to pass through, for example, we want to be able to keep them safe and not disrupt their patterns of movement,” Gray explains. “Our project managers connect with the herders — on the ground and in their own language — to find out how best to ensure this.”

Sometimes the local permitting process necessitates such engagement, such as a solar project in the Netherlands where the municipality required that blueberry bushes be planted around the park to improve its visual effect, support pollinator populations and create jobs for local people through blueberry farming and sales.

Other times engagement is simply part of being a responsible, sustainable company. For example, when the pandemic began spreading through Europe, the project manager at the Dutch solar site made regular contact with the construction contractors to ensure all measures were being taken to protect the health and safety of the workers and to support the management team in doing so.

“Making sure the teams could continue to work safely was critical,” Gray says. “We put a lot of emphasis on the relationships we have with the local people. We work with them closely to ensure our developments are welcomed by the community.”

Rhiann Gray
Director, Head of Commercial Asset Management & ESG

Partnerships and Memberships

As a member of associations such as the Institutional Investors Group on Climate Change (IIGCC), Impax has long called on global leaders to have more ambition on climate. In 2020, our firm joined the memberships of two new organizations: the Confederation of British Industry, where we contributed to the development of their Green Recovery Roadmap, which spelled out steps the government could take to ensure the country’s success in meeting its climate targets, and the Energy Transitions Commission (ETC), a global coalition of leaders from the private sector and NGOs that focus on how to achieve net-zero emissions by scaling up clean electrification and use of zero-carbon energy in key energy-consuming sectors such as industry, transport and buildings.

Learn more about our firm’s partnerships and memberships at impaxam.com/about-us/partners
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