

Impax Asset Management Ltd

UK Stewardship Code Statement¹

June 2020

OVERVIEW OF IMPAX ASSET MANAGEMENT

Impax Asset Management is an award winning, leading investment manager dedicated to investing in the opportunities created by the transition to a more sustainable economy, through both listed and private equity strategies and fixed income.

We manage c. £16.6 billion² for institutional and high net worth investors globally and are committed to providing strong long-term risk-adjusted returns.

Our investments are based on our strong conviction that population dynamics, resource scarcity, inadequate infrastructure and environmental constraints will profoundly shape global markets, creating investment risks and opportunities. We expect that these trends, reflecting the transition towards a more sustainable global economy, will drive earnings growth for well-positioned companies. Our proprietary investment framework identifies and calibrates the rising risks and expanding opportunities from this transition and guides our search for investments that will deliver long term outperformance. Environmental, Social and Governance (ESG)-analysis is an integral and integrated part of the investment process.

GOVERNANCE AND STAKEHOLDERS

Impax Asset Management Ltd is owned by Impax Asset Management Group plc which is quoted on the AIM market of the London Stock Exchange. Our largest shareholders include BNP Paribas Investment Partners and Impax' management and employees.

Impax's investment team numbers c. 50 professionals, based in London, Portsmouth, (New Hampshire, USA) and Hong Kong.

THE UK STEWARDSHIP CODE

The Stewardship Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings. The Code sets out good practice on engagement with investee companies to which the FRC believes institutional investors should aspire. It provides an opportunity to build a critical mass of UK and overseas investors committed to the high-quality dialogue with companies needed to underpin good governance. By creating a sound basis of engagement, it should create a much-needed stronger link between governance and the investment process and lend greater substance to the concept of "comply or explain" as applied by listed companies. The FRC therefore sees it as complementary to the UK Corporate Governance Code for listed companies.

INSTITUTIONAL INVESTORS SHOULD:

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities.
2. Have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.
3. Monitor their investee companies.
4. Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

1. The scope of the UK Stewardship Code and statements are primarily relating to institutional investors and funds based and managed in the UK. The Pax World Funds' stewardship approach is generally well-aligned with the Code's guidelines; however, this statement is primarily focused on Impax's operations and investments in the UK.

2. As at 31 January 2020

5. *Be willing to act collectively with other investors where appropriate.*
6. *Have a clear policy on voting and disclosure of voting activity.*
7. *Report periodically on their stewardship and voting activities.*

PRINCIPLE 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

FRC Guidance:

Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration. Engagement is purposeful dialogue with companies on those matters as well as on issues that are the immediate subject of votes at general meetings.

The policy should disclose how the institutional investor applies stewardship with the aim of enhancing and protecting the value for the ultimate beneficiary or client.

The statement should reflect the institutional investor's activities within the investment chain, as well as the responsibilities that arise from those activities. In particular, the stewardship responsibilities of those whose primary activities are related to asset ownership may be different from those whose primary activities are related to asset management or other investment-related services.

Where activities are outsourced, the statement should explain how this is compatible with the proper exercise of the institutional investor's stewardship responsibilities and what steps the investor has taken to ensure that they are carried out in a manner consistent with the approach to stewardship set out in the statement.

The disclosure should describe arrangements for integrating stewardship within the wider investment process.

Impax's position on Principle 1:

Impax Asset Management is a specialist investment manager dedicated to investing in companies that are well positioned to benefit from the transition to a more sustainable global economy.

We believe that:

- Capital markets will be shaped profoundly by global sustainability challenges including climate change, environmental pollution, natural resource constraints, demographic and human capital issues such as diversity, inclusion and gender equity.
- These trends will drive growth for well-positioned companies and create risks for those unable or unwilling to adapt.
- Fundamental analysis which incorporates long-term risks, including environmental, social and governance (ESG) factors, enhances investment decisions.

A thorough ESG-analysis is an integral part of our investment analysis and process, as it provides us with a more complete picture of the companies we invest in and results in a better assessment and understanding of the broader risks and opportunities. By rigorously analysing companies beyond the financials, we aim to identify and understand companies' character and quality.

We firmly believe that stewardship and engagement enhance our investment process and the outcomes for our investors.

Impax offers a well-rounded suite of investment solutions spanning multiple asset classes seeking superior risk-adjusted returns over the medium to long-term.

OVERVIEW OF IMPAX ESG ANALYSIS AND TOOLS

ESG-analysis is an integral part of the Impax investment process. Our actively managed Listed Equities investment processes incorporate proprietary ESG-parameters into the fundamental investment analysis of the companies in our investable universe.

1. Normative Screens. We seek to avoid companies involved in significant controversies that violate global norms related to human rights, labour, environment and corruption. We source information about company involvement in these controversies from external ESG research providers. If Impax determines a company is the subject of significant ESG controversy, it will likely be excluded from investment. We periodically reassess company involvement in ESG controversies.
2. Impax ESG-analysis. We conduct a detailed, proprietary ESG-analysis of new companies considered for the investable universe and review the ESG-analysis on a periodic basis. The analysis includes a thorough examination of company management, board structures, shareholder rights, ownership and corporate structures. We attempt to identify the most material environmental and social risks for a company and assess how well these risks are addressed and managed through robust policies, processes, management systems and incentives as well as adequate disclosure, as applicable. Additionally, we assess any past controversies. We then assign a proprietary ESG-rating for each company. If a company scores below our threshold-level, it will be automatically excluded from our investable universe. We view it as important to engage with companies and issuers for a full picture and analyse company disclosures and reports ourselves, and while we use external ESG-research as input and support in our analysis, we establish our own, proprietary ESG-score and view.
3. Hong Kong / China Governance Analysis. For Hong Kong and China-based companies, we have established a further "Governance Analysis" taking into account specific regional governance circumstance and challenges. We have identified five governance metrics that companies must have in place, in order to enter our investable universe.

INTEGRATING ESG-ANALYSIS INTO THE INVESTMENT PROCESS

Listed Equities: All companies must meet financial and ESG-criteria before entering the Impax universe of investable companies. The investment team members are responsible for integrating ESG analysis into the investment process.

1. We analyse companies' governance structures from a country-perspective, taking into account what constitutes common and best practice for governance in a specific country and identifying potential outliers.
2. We analyse companies' environmental and social policies, processes and disclosures identifying the most material risks. We seek investment in companies that have addressed the material risks, with robust processes and management systems scaled appropriately to the importance of the risk.
3. We analyse companies' past controversies and seek strong processes and management systems to address and avoid any repeats of past controversies.

When all the data is gathered, we write an ESG-report and assign a proprietary ESG-score. Depending on the asset class and investment strategy, our ESG analysis may include additional levels of detail. We do not seek to exclude a certain number or percentage of companies, but rather seek an absolute level of ESG-quality. Where this is not achieved, a company is excluded from the investable universe.

Infrastructure (New Energy): Impax is one of the longest established fund managers in the large and rapidly growing renewable energy sector. Impax follows an industrially focused value-add strategy, investing in renewable power generation and related assets.

Beyond complying with the applicable environmental laws and other permitting procedures, the assessment and mitigation of ESG risks are an integral and necessary consideration of our due diligence processes prior to the acquisition of each investment. Breaches within any ESG-parameters would prevent us from undertaking an investment. Our Investment Committee must review all potential investments on these ESG-parameters.

During the acquisition phase our construction and investment managers are responsible for ensuring compliance with health and safety and environmental (EIA) issues, and once acquired this responsibility is handed to technical and commercial teams. Impax's renewable energy private equity investments are managed to meet or exceed environmental permit targets and post-build assessments on permit compliance are performed. We maintain a "risk register" that includes H&S, insurance, contingency and ESG issues. These are reviewed at the firm-wide Risk Committee quarterly and any material ESG factors are noted on the agenda of the Limited Partner Committee and Annual meetings of our Private Equity funds.

Impax's Responsible Investment and ESG policy:

https://impaxam.com/wp-content/uploads/2019/05/Impax_ESG_Policy_2020.pdf?utm=7355

IMPAX'S APPROACH TO STEWARDSHIP – ENGAGEMENT AND PROXY VOTING

Engagement:

Engagement is an important part of the ESG-analysis and investment process for listed equities. We engage with companies when we have identified specific ESG-issues or concerns, when we require further information regarding an ESG-aspect (that is not publicly disclosed) and/or to encourage improvement in company ESG-policies, processes and disclosures. We also find companies' responses to ESG engagements very informative of company character. We engage individually and together with other investors.

Engagement allows us to:

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

Our stewardship and engagement work can be divided into the following types:

1. Promoting improved practices and transparency on ESG issues

We focus on engagement with companies to strengthen governance structures and introduce sustainability policies, processes and disclosures, as applicable, to effectively manage their most material ESG-risks. Impax has developed a proprietary cost-effective framework to advise companies on how to develop robust, materiality-based and cost-effective sustainability reporting.

2. Bottom-up company specific monitoring and dialogue

As part of our on-going, proprietary company ESG analysis, we identify company-specific matters and risks and actively engage with companies regarding these matters, as part of monitoring and managing risks.

3. Top-down strategic engagement priorities

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. We then identify the companies most exposed to the topics in question and focus our engagement on those companies. We engage with companies of all sizes, including larger companies with the aim of promoting best practices throughout an industry peer group.

We can also initiate or support shareholder proposals at annual shareholder meetings to encourage greater corporate transparency around a company's most significant environmental or social risks based on its sector and activities.

While we assess our engagement priorities every year, they are often of a long-term nature and do not necessarily change annually.

4. Proxy voting and corporate governance

Our proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration. When practicable, we seek to engage with the investee company before voting against

management's recommendation on an AGM resolution. We are also in dialogue with companies throughout the year to discuss and comment on proposed governance structures by companies well ahead of AGMs.

The investment team engages as part of our regular meetings with company management teams, through additional conference calls, meetings or as part of other communications with the broader investment community. Impax may also file shareholder proposals to support these efforts. Increasingly, expert organisations drive and coordinate investors' engagements on important issues and Impax takes part in these.

We maintain an engagement database where the engagement issues, actions, timings and outcomes are detailed. We review the database regularly and if an issue remains unresolved, we follow-up with the company in question.

Proxy voting:

Proxy voting is a key component in the ongoing dialogue with companies in which we invest. As such, voting is an important aspect of Impax's investment process. We are committed to ensuring the consistent exercising of voting rights associated with shares held in investment mandates where proxy voting has been delegated to us. Through implementation of our voting policy, we aim to enhance the long-term value of our shareholdings, foster corporate governance best practices and promote accountability and transparency. We strive to vote on all shares held, where it is in the best interest of our clients and where excessive costs or administrative burdens are not present.

Stewardship is not outsourced, but rather conducted by Impax's investment team.

We have a policy describing our approach to engagement:

https://impaxam.com/wp-content/uploads/2019/05/Impax_Engagement_Policy_2020.pdf?pwd=5132

We have a policy describing our voting principles and processes:

https://impaxam.com/wp-content/uploads/2019/05/Impax_Proxy_Voting_Policy_2020.pdf?pwd=1838

Impax is publicly disclosing a summary of our proxy voting records on a quarterly basis.

<http://www.impaxam.com/about-us/environmental-social-governance-issues>

Impax discloses examples of its engagement activities on its website on an annual basis:

<https://impaxam.com/investment-philosophy/engagement/>

Shareholder rights:

Robust shareholder rights ensure that investors are treated fairly and equitably, that management and boards are accountable to owners and that market participants have confidence in the integrity of the capital markets.

Shareholder rights and their extent and detail will vary from one region or market to another. Some markets reward long-term shareholders or larger shareholders, with e.g. increased voting rights, but in general we are invested in the common shares of public companies, in the position of a minority shareholder, with "one share and one vote". In general, we view the main shareholder rights to be:

- The possibility to attend general meetings and having voting rights
- A degree of influence over company management selection and remuneration
- The right to share in the company's profitability
- Pre-emptive rights to newly issued shares

Impax is an investment manager with a long-term investment horizon, constantly monitoring investee companies' adherence of minority shareholders' rights. We are engaging with companies to improve structures, processes and transparency pertaining to shareholder rights, following governance best practices.

PRINCIPLE 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

FRC Guidance:

An institutional investor's duty is to act in the interests of its clients and/or beneficiaries.

Conflicts of interest will inevitably arise from time to time, which may include when voting on matters affecting a parent company or client.

Institutional investors should put in place, maintain and publicly disclose a policy for identifying and managing conflicts of interest with the aim of taking all reasonable steps to put the interests of their client or beneficiary first. The policy should also address how matters are handled when the interests of clients or beneficiaries diverge from each other.

Impax's position on Principle 2:

Our aim is to treat all our clients fairly at all times. Impax has a clear policy on identifying, recording, managing and disclosing any conflicts as necessary.

Impax arranges its business to minimise the potential for conflicts of interest and where they do arise it manages such conflicts to ensure that its own interests are never put ahead of those of its clients, and that one group of clients is not treated more favourably than another.

Conflicts of interest may arise as part of our ESG and stewardship activities; however, we have arrangements in place to minimise their effects and to treat all clients fairly related to voting and engagement.

We have a Conflicts of Interest policy in relation to stewardship of our investments. The policy applies to all staff.

POSSIBLE SOURCES OF CONFLICTS OF INTEREST IN RELATION TO STEWARDSHIP ACTIVITIES, AND HOW THEY ARE ADDRESSED

- **Varying client objectives and interests.** Different clients may have different expectations, objectives and priorities regarding stewardship and Impax has a number of investors who are highly focused on stewardship issues and have very specific priorities. At the very outset of the client relationship it is determined how closely the stewardship (proxy voting and engagement) priorities are aligned between the client and Impax. We have a number of clients who have retained their voting rights, in order to follow their specific stewardship objectives. For all other clients, we vote following our voting policies, utilising our ESG-analysis and knowledge of the companies in question and local and regional corporate governance best practice. A few of our clients have asked us to confirm how we have voted on specific types of resolutions and some ask us to report regularly on our voting outcomes. Relating to engagement, we follow our policies and processes to identify, prioritise and implement engagement systematically and these are not influenced by investors. We report the outcomes of our voting and engagement outcomes on our website.. Some investors have asked for regular reports on both voting and engagement outcomes, pertaining to their investment. Some of our clients have invested with us through separate accounts where their own specific responsible investment objectives are followed and expressed.
- **Impax's shareholder interests.** Impax is owned by individuals and financial institutions which each have their own investment, financial and stewardship objectives, which could create conflicts of interest. Impax's investment process and stewardship activities are conducted following set and publicly disclosed policies and removed from the influence of shareholders.
- **Impax's specific client interests.** Impax could be managing investments for e.g. the corporate pension fund of a company that is also owned in one or several of Impax's funds, which could create conflicts of interest. Impax's investment process and stewardship activities are conducted following set and publicly disclosed policies and removed from any influence of specific clients.
- **Impax's employee interests.** An Impax employee could own shares or have an interest in a company that is also owned in one or several of Impax's funds, which could create conflicts of interest. Impax has strict checks, controls and reporting regarding trading and ownership of companies and shares by the Impax staff. Impax's investment process and stewardship activities are conducted following set policies and removed from any influence of any employee interests.
- **Impax's corporate investments and interests.** Impax does not hold any proprietary positions or conduct any proprietary trading, but may make a seed investment into a new Impax fund. When this is the case the fund and the investment is treated like any other client and is subject to the same policies and procedures regarding stewardship that any other client funds would be.
- **Impax's inter-departmental interests.** The Impax investing departments outside of the Listed Equity business, such as its Private Equity department, may have ownership or an interest in a company that is an investee company in an Impax Listed Equities fund. There are formal Information Barrier structures in place between the Impax Listed and Private Equity

departments and Impax's investment process and stewardship activities are conducted following set policies and removed from any influence of any inter-departmental interests.

PRINCIPLE 3

Institutional investors should monitor their investee companies.

FRC Guidance:

Effective monitoring is an essential component of stewardship. It should take place regularly and be checked periodically for effectiveness.

When monitoring companies, institutional investors should seek to:

- Keep abreast of the company's performance;
- Keep abreast of developments, both internal and external to the company, that drive the company's value and risks;
- Satisfy themselves that the company's leadership is effective;
- Satisfy themselves that the company's board and committees adhere to the spirit of the UK Corporate Governance Code, including through meetings with the chairman and other board members;
- Consider the quality of the company's reporting; and
- Attend the General Meetings of companies in which they have a major holding, where appropriate and practicable.

Institutional investors should consider carefully explanations given for departure from the UK Corporate Governance Code and make reasoned judgements in each case. They should give a timely explanation to the company, in writing where appropriate, and be prepared to enter a dialogue if they do not accept the company's position.

Institutional investors should endeavour to identify at an early stage issues that may result in a significant loss in investment value. If they have concerns, they should seek to ensure that the appropriate members of the investee company's board or management are made aware.

Institutional investors may or may not wish to be made insiders. An institutional investor who may be willing to become an insider should indicate in its stewardship statement the willingness to do so, and the mechanism by which this could be done.

Institutional investors will expect investee companies and their advisers to ensure that information that could affect their ability to deal in the shares of the company concerned is not conveyed to them without their prior agreement.

Impax's position on Principle 3

Impax' investment team, its lead analysts and portfolio managers, are continuously monitoring our investee companies regarding their on-going performance and developments. We continuously assess how our companies are impacted by internal and external factors and events and the effects these have on the company's value and risks. Company developments are discussed in the investment team every day during our Morning Meeting, as well as during the weekly Portfolio Review Meeting (PRM) for our strategies. We use a proprietary risk management tool to highlight and alert the investment team regarding changes to investee companies' risks, financials and value. The investment team meets or is in contact with our investee companies several times a year, follows closely the companies' results announcements and investor conference calls.

We use sell-side research to monitor and review our companies. We also continuously monitor our investee companies from an environmental, social and governance (ESG) perspective; we receive alerts regarding controversies in our companies from our external research providers. We subscribe to environmental, social and governance research by Glass Lewis, ISS, MSCI ESG Manager and Sustainalytics. These and other tools provide us with information from different perspectives on our investee companies regarding their financial, operational, strategic, sustainability and governance developments and highlight possible areas of concerns and priorities for engagement. We review and update our ESG-analysis of our companies periodically and in case of major developments.

As part of our ESG analysis and voting, we assess and ensure that our investee companies adhere to the relevant Governance Codes. Departures from compliance to Governance Codes or best practice are clarified and noted in our ESG analysis. Departures from Code and/or governance best practice that constitute material risks for the company are followed-up by engagement, unless the departure is purely temporary or fully understood or accepted by the investment team. The

investment team regularly meets or speaks with members of the board of our investee companies to discuss company strategy, governance structures and often management remuneration.

Our ESG analysis aims to establish the quality of an investee company's reporting, transparency and disclosures. We view it as an important aspect to assess the disclosures of all our investee companies (annual reports, proxy materials and sustainability data) and to discuss structures, processes and risk management to get a fuller understanding of how a company manages material risks and operates on an on-going basis. We therefore would not rely purely on external or 3rd party analysis or scores regarding companies' ESG quality, but view this as an important part of our company monitoring.

The Impax investment team does not routinely attend investee companies' General Meetings or file shareholder resolutions, but rather engages on issues of concern directly with the company. However, the investment team can attend investee company General Meetings from time to time, where practicable and where deemed to be the most effective way of communication with the company.

Impax has policies and procedures in place to ensure that we comply with applicable laws and that the interests of clients are protected in the event that investee companies provide us with either inside or material non-public information. Such events may include confidential pre-soundings or pre-marketing activities in advance of capital raisings and other corporate events in order to gauge interest in, or support for, a specific transaction. Where Impax deems it necessary, we will enter into active talks with these investee companies, which may preclude us from dealing in the shares of the company concerned. This is pre-cleared with our Compliance department to ensure our wall-crossing procedures are adhered to, the Stop List updated, and that we act in the best interest of our clients.

PRINCIPLE 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

FRC Guidance:

Institutional investors should set out the circumstances in which they will actively intervene and regularly assess the outcomes of doing so. Intervention should be considered regardless of whether an active or passive investment policy is followed. In addition, being underweight is not, of itself, a reason for not intervening. Instances when institutional investors may want to intervene include, but are not limited to, when they have concerns about the company's strategy, performance, governance, remuneration or approach to risks, including those that may arise from social and environmental matters.

Initial discussions should take place on a confidential basis. However, if companies do not respond constructively when institutional investors intervene, then institutional investors should consider whether to escalate their action, for example, by:

- Holding additional meetings with management specifically to discuss concerns;
- Expressing concerns through the company's advisers;
- Meeting with the chairman or other board members;
- Intervening jointly with other institutions on particular issues;
- Making a public statement in advance of General Meetings;
- Submitting resolutions and speaking at General Meetings; and
- Requisitioning a General Meeting, in some cases proposing to change board membership.

Impax's position on Principle 4

As described in Principle 3, the Impax investment team has established internal processes and uses various external research tools to monitor our investee companies regarding their financial, operational, strategic, sustainability and governance developments that highlight possible areas of concerns and priorities for engagement.

Where material concerns or anomalies at an investee company have been confirmed, the Impax investment team will intervene and escalate matters in order to mitigate risks and preserve shareholder value.

We will immediately contact the investee company management team and where relevant and possible members of the company board. Typically, we would request a conference call with the management team, to discuss the concern in detail. We would also contact the company's brokers for information.

If the investee company is unresponsive to engagement or we view, upon clarification with the management team, that the company is taking an approach that is significantly increasing shareholder risks and the company is unwilling to consider less risky approaches, we would escalate our activities as follows:

- Intervene or engage together with other institutions on the issue
- Feeding back to company's advisors especially regarding voting matters
- Highlighting the issue and/or joint-engaging regarding the issue through institutional platforms like the UN PRI
- Filing or co-filing resolutions at General Meetings

We believe that we can be more constructive and ultimately in the long-term more influential with our investee companies, if we maintain good relations and where possible interact and engage directly with the company on specific concerns. Public statements or filing resolutions would be last resort activities in exceptional circumstances.

Ultimately, if the interventions were not successful and we consider that the risk profile of the company has significantly deteriorated or company strategy or governance structures have altered, to a degree where the return outlook and the company strategy and quality no longer meet our expectations, the company would be excluded from our investable universe and/or sold.

PRINCIPLE 5

Institutional investors should be willing to act collectively with other investors where appropriate.

FRC Guidance:

At times collaboration with other investors may be the most effective manner in which to engage.

Collective engagement may be most appropriate at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value.

Institutional investors should disclose their policy on collective engagement, which should indicate their readiness to work with other investors through formal and informal groups when this is necessary to achieve their objectives and ensure companies are aware of concerns. The disclosure should also indicate the kinds of circumstances in which the institutional investor would consider participating in collective engagement.

Impax's position on Principle 5

Collaborative engagements and joint-representations with other institutions and investors are an important part of Impax's stewardship work. We initiate collaborative engagements where the engagement and outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated, as discussed in Principle 4. Collaborative engagements can also be preferred and effective when approaching an issue or risk that is affecting a larger group of companies; a sector-level engagement.

Impax is an active member or signatory in the following investor bodies and conducts collaborative engagements through many of them:

- **Principles for Responsible Investment (PRI):** Aims to help investors integrate ESG considerations into investment decision making and supports sharing best practice in active ownership.
- **Institutional Investors Group on Climate Change (IIGCC):** A forum for collaboration on climate change for European investors.
- **Investor Network on Climate Risk (INCR):** Partners with investors worldwide to advance investment opportunities and reduce material risks posed by sustainability challenges such as global climate change and water scarcity.
- **The Carbon Disclosure Project (CDP):** An independent organisation holding the largest database of corporate climate change information in the world.
- **Council of Institutional Investors (CII):** Promoting strong governance and shareholder rights standards at public companies.

- **Asian Corporate Governance Association (ACGA):** An independent organisation dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia
- **UK Sustainable Investment and Finance Association (UKSIF):** Provides services and opportunities to align investment profitability with social and environmental responsibility.
- **The Forum for Sustainable and Responsible Investment (USSIF):** A US based membership association promoting sustainable, responsible and impact investment.
- **Global Impact Investing Network (GIIN):** The largest global community of impact investors (asset owners and asset managers) and service providers engaged in impact investing.
- **Task Force on Climate-related Financial Disclosures (TCFD):** Develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.
- **The UK Stewardship Code:** The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.
- **Thirty Percent Coalition:** Working to achieve greater board diversity among U.S. companies through collaborative engagements among institutional investor members.
- **Ceres:** An organization working with investors and companies to build sustainability leadership and drive solutions throughout the economy. Ceres addresses topics climate change, water scarcity and pollution, and human rights abuses
- **Interfaith Centre on Corporate Responsibility (ICCR):** Network of shareholders engaging companies on ESG issues.
- **Investor Environmental Health Network (IEHN):** Conducts analysis and investor engagements on environmental topics.
- **Shareholder Rights Group:** Working to acquaint regulators and the public with the purpose and value of shareholder engagements.
- **United Nations Environment Programme Finance Initiative (UNEP FI).** A global partnership established between the United Nations Environment Program and the financial sector.

Intervening jointly with other institutions on particular issues, a few recent examples:

- Joint-engagements with a European asset manager, an investment partner to Impax, with mainly US companies to encourage enhanced processes to manage material sustainability risks. (2019)
- Joint-engagements with an institutional investor group, led and coordinated by a UK based think tank, FAIRR, in engaging with global food producers and food retailers encouraging them to increase the offering of sustainable, plant-based proteins in their product portfolios. (2019)
- Joint-engagement with an institutional investors, led and coordinated by the PRI, in engaging with consumer and food companies regarding deforestation, especially in the Amazonas. (2019)

Impax policy regarding Engagement and collaborative Engagements is publicly disclosed and outlined on the Impax website: <http://www.impaxam.com/about-us/environmental-social-governance-issues>

PRINCIPLE 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

FRC Guidance:

Institutional investors should seek to vote all shares held. They should not automatically support the board.

If they have been unable to reach a satisfactory outcome through active dialogue, then they should register an abstention or vote against the resolution. In both instances, it is good practice to inform the company in advance of their intention and the reasons why.

Institutional investors should disclose publicly voting records.

Institutional investors should disclose the use made, if any, of proxy voting or other voting advisory services. They should describe the scope of such services, identify the providers and disclose the extent to which they follow, rely upon or use recommendations made by such services.

Institutional investors should disclose their approach to stock lending and recalling lent stock.

Impax's position on Principle 6

Proxy voting is a key component in the ongoing dialogue with companies in which we invest. We are committed to ensuring consistent exercise of voting rights associated with shares held in investment mandates where proxy voting has been delegated to us. Through implementation of our voting policy, we aim to enhance the long-term value of our shareholdings and to foster corporate governance best practices.

Impax's policy is to vote all shareholder meetings and on all shares held on behalf of all our investors who have granted us voting rights. In some markets there are very costly and administratively burdensome Powers of Attorney rules that may in some rare events prevent effective voting. There are also some specific market rules that we are monitoring and have a process for, namely some markets and companies have non-trading periods just before and/or after General Meetings.

Impax has developed Voting Guidelines, following our ESG-framework, which are driven by country-level governance rules, codes and best practice and we analyse whether companies' governance structures deviate from local governance codes or best practise. Where companies deviate from codes and best practice, we engage with the companies and can vote against a management resolution. We always endeavour to notify a company prior to AGM, or at least afterwards if we have voted against or abstained on a resolution.

Impax uses a 3rd party electronic voting platform and we assess the 3rd party advisory recommendations for voting, however ultimately determine our voting based on our Voting Guidelines and company ESG-analysis. Stewardship, including proxy voting and engagement, is not outsourced to external parties or proxy advisors, but conducted fully by Impax's investment team.

Our proxy voting process is audited annually by an external auditor.

In 2019 Impax voted 2,448 resolutions at 207 company meetings globally.

Our proxy voting policy can be found disclosed on the Impax website:

https://impaxam.com/wp-content/uploads/2019/05/Impax_Proxy_Voting_Policy_2020.pdf?pwm=1838

Impax is publicly disclosing a summary of our proxy voting records on a quarterly basis:

<https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

PRINCIPLE 7

Institutional investors should report periodically on their stewardship and voting activities.

FRC Guidance:

Institutional investors should maintain a clear record of their stewardship activities.

Asset managers should regularly account to their clients or beneficiaries as to how they have discharged their responsibilities. Such reports will be likely to comprise qualitative as well as quantitative information. The particular information reported and the format used, should be a matter for agreement between agents and their principals.

Asset owners should report at least annually to those to whom they are accountable on their stewardship policy and its execution.

Transparency is an important feature of effective stewardship. Institutional investors should not, however, be expected to make disclosures that might be counterproductive. Confidentiality in specific situations may well be crucial to achieving a positive outcome.

Asset managers that sign up to this Code should obtain an independent opinion on their engagement and voting processes having regard to an international standard or a UK framework such as AAF 01/06. The existence of such assurance reporting should be publicly disclosed. If requested, clients should be provided access to such assurance reports.

Impax's position on Principle 7

Impax keeps in-house records of all stewardship activities. All company engagements are recorded in a database, including dates, issues engaged and discussed, name and title of the investee company representative, as well as the means of communication with companies, outcomes and next-steps. All voting activity is also recorded and archived.

Impax has regular meetings with its clients or their representatives and at those meetings, as well as in the monthly "Manager's Reports" significant stewardship activity is reported and discussed.

We report engagement and voting activity to investors either quarterly or semi-annually, the format and detail of reporting is based on the preferences of investors. We also publish an annual Engagement Report.

We report publicly on our engagement and proxy voting outcomes:

<https://www.impaxam.com/investment-philosophy/engagement>

We disclose voting activities on our website on a quarterly basis:

<https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

Impax's UK-based listed equity operations, including its voting activities have been audited and received full ISAE 3402 certification (International Standards for Assurance Engagement) every year since the fiscal year ending September 30, 2012. The ISAE 3402 assurance report is available to clients upon request.

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