

## Modern Slavery Statement for Year Ended 2020

### Introduction

This modern slavery statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and section 14(1) of the Australian Modern Slavery Act 2018 (the "Australian Act") for the year ending 30 September 2020.

While this statement reflects Impax Asset Management Group plc's approach to identifying and managing modern slavery risks for the Impax group, the reporting entity for the purposes of the Australian Act is its wholly-owned subsidiary, Impax Asset Management Limited. This statement covers the financial year ending 30 September 2020.

### Our operations

The Impax group comprises the following regulated investment management subsidiaries: Impax Asset Management Limited, Impax Asset Management (AIFM) Limited, Impax Asset Management Ireland Limited, Impax Asset Management LLC and Impax Asset Management (Hong Kong) Limited.

Founded in 1998, Impax offers a range of investment solutions spanning multiple asset classes investing in companies and assets that are well positioned to benefit from the shift to a more sustainable global economy. We are engaged investors, in regular dialogue with companies in our portfolios and reporting on our stewardship activities to our clients. Where possible, we report on the positive environmental impact of our investments; this positive impact is an outcome of our investment style. In addition, we aim to provide a stimulating, collaborative and supportive workplace for our staff, and to make a contribution to the development of a more sustainable society.

Impax's investment activity falls into two broad categories: a listed investment business and a private markets business.

- **Listed business.** Impax's global listed equity business and fixed income business are focused on a small number of deeply researched strategies. Impax offers a range of products within this business, including fully sponsored funds and managed or sub-managed accounts.
- **Private markets business.** Impax's private markets business invests in the development of renewable energy projects (principally onshore wind, solar and hydropower) and adjacent renewables sectors (such as battery storage and electric vehicle charging stations) typically in Western Europe. These investments are made in projects and portfolios at various stages of development though we find the most value in entering during late-stage development and taking projects through construction, employing a buy-build-sell approach.

Listed and private market investments are typically made through funds, which do not have employees and solely appoint directors and service providers such as custodians and administrators. In the private markets context, funds establish special purpose vehicles (each an 'SPV') to transact on the relevant fund's behalf for a particular investment or investments. SPVs appoint directors and may in some cases employ a small number of employees or consultants, who are highly skilled. SPVs are typically established in the UK or Western Europe.

In addition to our headquarters in London, Impax has offices in Ireland, Hong Kong and the United States. Our global workforce comprises highly-skilled professionals who perform investment management functions and supporting operational and corporate functions. They are predominately employed on individual employment contracts. Other members of Impax's workforce are engaged as consultants, independent contractors, through directorship contracts, or sourced through employment agencies. Where employment agencies are used, Impax retains oversight to ensure appropriate protections are in place in relation to wages and hours. For those reasons, Impax considers that there is a low risk of it causing, contributing or being directly linked to modern slavery practices in this area of its operations.

Impax recognises that it may be exposed to a higher inherent modern slavery risk through its investment activity. This is primarily due to the fact that certain of our listed investment strategies involve investments in some known higher risk geographies (such the Asia-Pacific region) and sectors (such as fishing and food production).

However, Impax screens its investments and environmental, social and governance ('ESG') considerations are embedded within our investment process as detailed further below.

With respect to our private markets business, we invest, typically through majority stakes, in projects and portfolios at various stages of development, including taking projects through the construction phase. We consider that the elevated modern slavery risk associated with the construction sector is lessened in the Impax context due to the location of our funds' private markets assets, which are typically located in Western European countries, which are not known high risk areas, and due to the typically highly-skilled workforce.

### Our supply chains

In assessing risk within our supply chains, we have mapped and documented our material corporate services suppliers within our vendor management database. Both at the Impax group level, and at the sponsored fund level, our supply chain is

relatively short and predominantly comprises highly-skilled professionals. These include regulated professional advisers, such as foreign exchange providers and brokers, as well as suppliers of IT services and office equipment, and professional services from our lawyers, accountants and other advisers and consultants.

We recognise that modern slavery risks may be elevated within particular aspects of our supply chains. This includes at an SPV level where construction services providers are appointed in the context of infrastructure investments, as discussed above. Other suppliers at SPV level include a range of typically highly-skilled individuals, such as financial professionals and lawyers, which we consider to be low risk.

We also recognise that office facility service providers, including cleaning services and IT service providers, as well as branded goods not for resale, may carry a higher risk of modern slavery practices. However, as noted above, we consider the fact that our service providers are typically based in the UK, the US and Western Europe (which do not have high estimated prevalence of modern slavery according to the Global Slavery Index 2018) reduces Impax's exposure to modern slavery practices.

## **Our actions**

In addition to being an ethical necessity, we view the prevention of modern slavery as an important part of good corporate governance, and have developed and implemented appropriate policies and procedures. In particular, we ensure that our investee companies meet our rigorous ESG requirements, and that our suppliers meet our assessment criteria and ongoing due diligence requirements as set out below.

### **a) Embedding ESG considerations into investment decisions**

Impax has for many years embedded ESG considerations into both our listed and private markets investment decisions. Social considerations within ESG frameworks encompass modern slavery issues. Impax's control over funds and SPVs, as described above, allows us to apply ESG considerations into our investments. Further information with respect to these ESG considerations and tools is set out in Impax's ESG Policy, Engagement Policy, New Energy Strategy ESG Policy and Sustainability Risk & Due-Diligence Sub-Policy which are available on [www.impaxam.com](http://www.impaxam.com).

#### Listed investments

Human rights issues are complex, which we assess on a case by case basis. We use third party screening of our investable universe to monitor compliance and engage with the companies where potential issues are flagged. We monitor the continuously evolving landscape of human rights and take a regional and sector focused approach, including via the following illustrative examples:

*High risk regions:* We are engaging with investee companies active in or sourcing key components from Xinjiang province in China, given the prevalence of forced labour of Uyghurs and other Muslim minority groups in the region.

*High risk sectors:* We identify economic activities that could flag for human rights issues and which may require engagement. The workforce in labour-intensive low profit margin businesses, especially where agency, seasonal, temporary jobs are common, may be particularly vulnerable.

*High risk stakeholders:* Direct/indirect involvement with local authorities or other influential public organisations. While these factors are directed towards bribery and corruption risk, Impax recognises that modern slavery practices do not occur in a vacuum and that good governance and the rule of law are important protective factors.

#### Private markets

As noted above, Impax invests in renewable power generation and related assets. ESG risk management forms an integral part of our due diligence process prior to the acquisition of each asset.

We have an explicit exclusion list for investments we do not consider, for example:

- Companies and counterparties involved in controversies that violate global norms related to human rights, labour, environment and bribery and corruption; and
- Activities involving forced or child labour.

Pre and post investment we complete compliance checks and seek to include clauses in all contracts prohibiting violations of modern slavery (as set out below), as well as anti-bribery, corruption and tax evasion before engaging with counterparties.

### **b) Supplier engagement**

Our third-party suppliers are critical to our business. We ensure there is an appropriate oversight framework that is reviewed periodically. Our supplier engagement initiatives include:

- **Modern slavery questionnaire for prospective corporate services suppliers.** Prior to engaging a new supplier, we conduct due diligence proportionate to the risk of modern slavery at that supplier where appropriate. This typically includes a

range of questions regarding the supplier's modern slavery commitments and policies, reporting mechanisms, operating and workforce locations and sub-contractor/supplier controls.

- **Modern slavery provisions in contracts with corporate services suppliers and private markets portfolio companies.** We include anti-slavery provisions in contracts with suppliers where necessary. These provisions require the contractual counterparty to comply with all applicable anti-slavery and human trafficking laws and regulations, and to pay staff and sub-contractors at least the minimum wage. These clauses also give the relevant Impax party or SPV the ability to request assurances and information in relation to the compliance undertakings.
- **Additional supplier due-diligence and monitoring.** Where a higher modern slavery risk is identified by our due diligence on a supplier based on sector, jurisdiction and workforce analysis, or based on their responses to the questionnaire, we will engage with the supplier and conduct further monitoring and due diligence as necessary. As part of our ongoing monitoring efforts for office facilities suppliers we ask for a yearly confirmation that those suppliers are paying their staff above the minimum wage.
- **Periodic supplier review.** As part of our risk assessment procedures, Impax's Audit & Risk Committee carries out annual due diligence on material service providers to ensure there is an appropriate oversight framework in place. We expect our suppliers to reflect our values around social inclusion, sustainability and the environment.

### c) *Workforce training and initiatives*

Within our own workforce, we have implemented a range of initiatives that deal either directly or indirectly with modern slavery. These are set out below.

- **Modern slavery training.** Impax is committed to raising awareness of modern slavery issues within our workforce. To ensure a high level of understanding of modern slavery obligations and risks, all Impax staff have completed modern slavery training. We also offer ESG training on a range of issues with respect to our private markets portfolio investment companies, if needed.
- **Whistleblowing Policy and Procedure.** Our Whistleblowing Policy and Procedure provides an avenue for our staff to speak up if they suspect modern slavery activities or risks within our business. This policy encourages Impax staff to report any perceived, suspected or actual wrongdoing without fear of reprisal. The 'reportable activities' to which a staff member may make a protected disclosure encompass modern slavery practices. These activities include criminal offences or activity, actions which endanger the health or safety of staff or the public, conduct likely to damage the reputation of Impax's reputation or finances, or a breach of any other legal obligations.
- **Investigation and remediation.** Under our Whistleblowing Policy and Procedure, Impax also commits to assessing reports promptly and investigating if necessary. Depending on the nature of the report, an investigation would be conducted by senior management or referred to an appropriate external agency. While Impax has to-date not received any reports relating to modern slavery practices through this channel, we understand the need to take a victim-centred approach to investigating and remediating any such incidents should they arise. If modern slavery risk factors or systemic issues were identified in relation to an investee company, Impax would initially seek to resolve the matter through dialogue and collaboration with the company. If unsuccessful, we would consider action in the form of, for example, shareholder resolutions and, if appropriate, divestment.
- **Commitments, collaboration and memberships.** Impax is a proud member of a range of sustainability initiatives and networks, including the Principles for Responsible Investment (our private markets business received an A+ rating in the 2019 and 2020 PRI reports), the Council of Institutional Investors, the UK Sustainable Investment and Finance Association, the Forum for Sustainable and Responsible Investment, the Global Impact Investing Network and Ceres. Impax's involvement in these initiatives not only publicises our deep commitment to responsible investment activity, but also provides valuable information-sharing, benchmarking and educational opportunities.

### **Assessing the effectiveness of our actions**

Impax assesses the effectiveness of the steps it has taken to combat modern slavery in our operations and supply chains by engaging with our staff and suppliers on an ongoing basis and soliciting feedback from a wide range of stakeholders. Our investor reporting obligations, which include analysis of performance against key ESG key performance indicators, also provide an opportunity for us to monitor the effectiveness of our risk identification and management processes.

### **Continuous improvement and next steps**

We take our commitments to modern slavery risk management seriously and seek to continuously improve our approach. Over the coming year, our priorities and intended actions include:

- **Development of a supplier code of conduct.** We continue to strengthen our supplier base and plan to introduce a code of conduct to ensure that our suppliers act in accordance with our values.
- **Modern slavery questionnaire for prospective suppliers at investment level.** During the reporting period we began enhancing our procedures for screening suppliers to our SPVs and private markets assets, including in relation to

modern slavery issues. This is an area which we intend to focus on in the year ahead.

- **Continue to mitigate the impact of COVID-19.** COVID-19 has brought many sustainability issues into sharper focus, especially the social aspect of ESG. In the year ahead we will direct additional time and resources to this area, taking a close look at developing methodologies for further integrating and quantifying aspects of human capital in our company analysis, as well as drilling down further into supply chains.

This statement was approved by the Board of Impax Asset Management Group plc (on behalf of its subsidiaries including Impax Asset Management Limited) on the date set out below. Impax took a multi-disciplinary approach in preparing this statement. Key areas of both our listed equities, fixed income and private markets businesses, including those with oversight of our various funds, SPVs and investee companies were consulted during the drafting process. The Impax Asset Management Limited Board was given the opportunity to comment on the draft statement prior to approval.

Sally Bridgeland, Chair  
18 March 2021