IMPAX Asset Management

Taskforce on Climate-related Financial Disclosures Report

For the year ended 30 September 2022

Specialists in the transition to a more sustainable economy

Since 1998 Impax has pioneered investment in the transition to a more sustainable global economy.

Contents

Introduction

The purpose of this report is to disclose how we identify, assess and manage the exposure of our business and our clients' investments to climate-related risks and opportunities, as well as our strategic resilience to climate risks.

Impax Asset Management Group plc's ("Impax", or the "Company") is pleased to publish this, its first Taskforce on Climate-related Financial Disclosures ("TCFD") report, alongside the Company's Annual Report and Accounts. This report covers the same 12-month period from 1 October 2021 to 30 September 2022 ("the Period").[1]

In addition to UK government requirements, the FCA has made it a requirement for many regulated firms, including those within the Company's group, to publish TCFD-aligned climate disclosures on their website, with effect from 1 January 2023 and with the first reports due by 30 June 2024, under ESG 2.1 in the FCA Rules.

While not in scope of this requirement yet, the Company has decided to produce its first group TCFD report ahead of FCA expectations to demonstrate its support for the disclosures. This report is therefore being produced on a best-efforts basis and we intend to further develop our disclosures under the FCA's regime when relevant group legal entities fall under the reporting requirement.

Impax was among the inaugural signatories to TCFD in 2017 and has regularly provided updates in line with TCFD recommendations in our responses to CDP (Carbon Disclosure Project), PRI (Principles for Responsible Investment) and other investor initiatives.

Transparency as to how companies and investors are addressing these risks and opportunities is important to shareholders, clients, employees, regulators and other stakeholders. The publication of this report fulfils a commitment made in our 2021 Annual Report and Accounts and is aligned with our mission of investing in companies that we believe are well positioned to benefit from the transition to a more sustainable economy.

Impax believes that climate risk is a critical sustainability challenge, and that climate-related risks and opportunities are likely to be significant drivers of investment performance for large parts of the global economy over the decades to come.

1 Data relating to Impax's engagement activities and impact reporting cover the 2021 calendar year.

Introduction continued

In line with the TCFD's recommendations, this report comprises four interrelated sections:

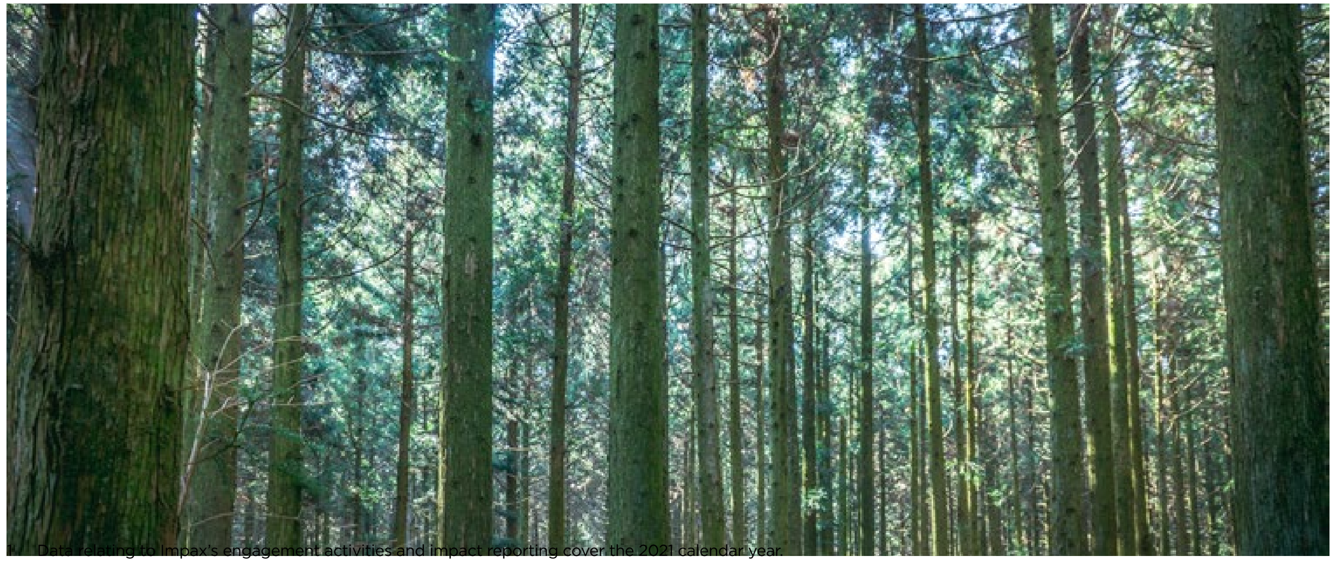
Governance
Impax's governance structure around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on Impax's business and strategy

Risk management
The processes in place to identify, assess and manage climate-related risks

Metrics and targets
The metrics and targets used to assess and manage climate-related risks and opportunities

Each of these sections covers both our business operations and, more critically, the investments we manage on behalf of our clients. While we can lead by example by reducing our own environmental impact, we believe that climate-related risks and opportunities are of much greater relevance to our core business activities as an investment manager specialising in the transition to a more sustainable economy.



1. Data relating to Impax's engagement activities and impact reporting cover the 2021 calendar year.

Governance

The nature of Impax's business and its investment philosophy mean that the management of climate-related and broader sustainability-related risks and opportunities is a strategic focus for the Company.

The Board of Directors ("Board") is responsible for governing and overseeing the Company's strategy and providing an oversight, control and monitoring role of its operations and risks. In this function, the Board also oversees climate-related risks and opportunities.

The Audit & Risk Committee, which is comprised of independent non-executive directors, is responsible for the oversight of risk management (including climate risk management) on behalf of the Board. A dedicated Director is assigned to have "climate responsibility" and is the Board's representative at the employee-led Environment Group, which provides input and advice to support decision-making on Impax's climate policies, performance and targets.

Management and monitoring of climate-related risks and opportunities, including implementing the TCFD recommendations, is delegated to senior management, specifically the Executive Committee.

Senior management is represented on investment committees, which oversee the Company's investment activities, investment performance and risk management, and regularly address climate-related issues. In addition, Impax also has specialist committees dedicated to climate and related issues, most notably the Sustainability Lens Committee and the ESG Policy Committee.

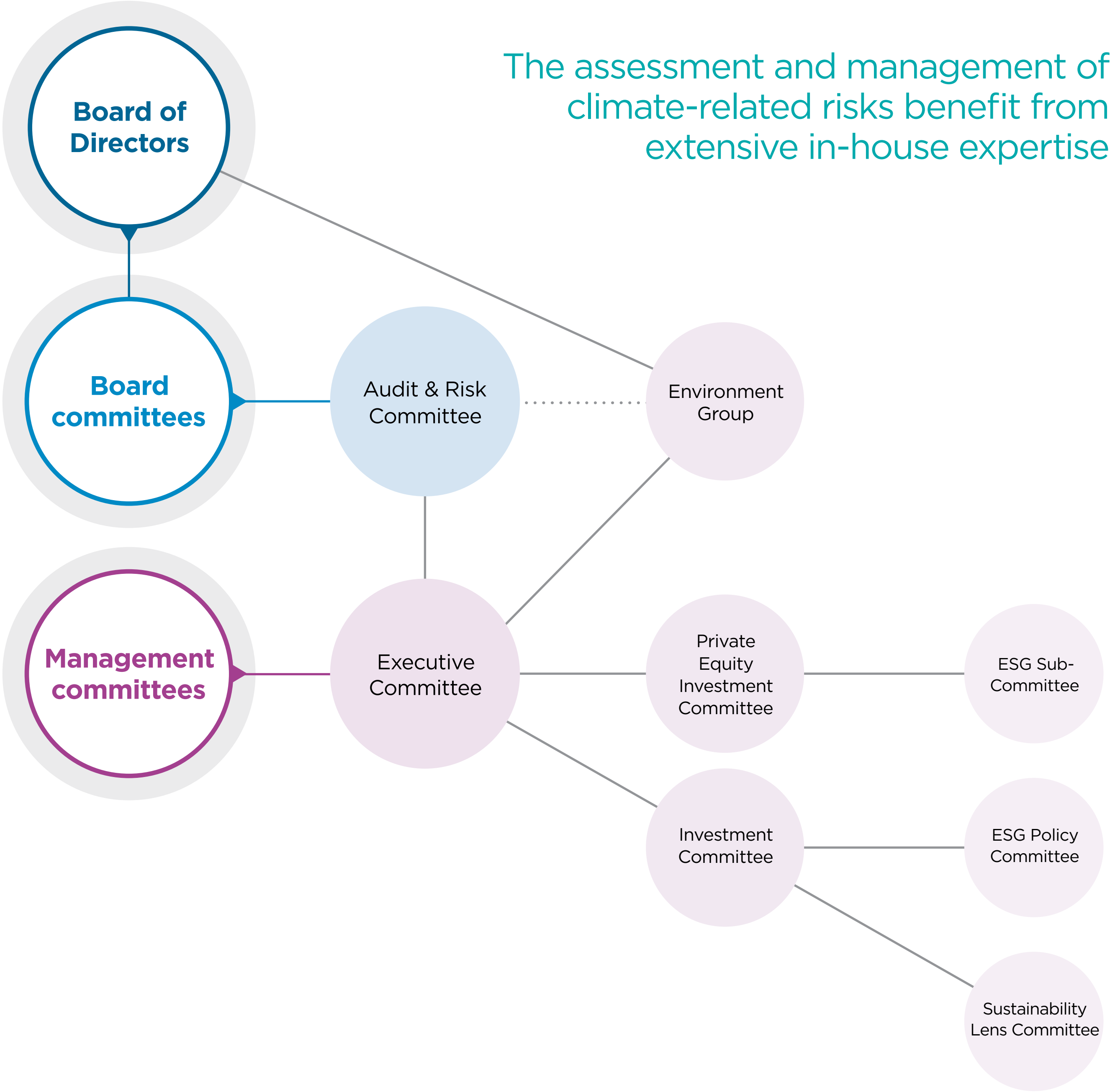
The Private Markets division has its own Investment Committee and ESG Sub-Committee.

The Board has requested that climate risk be formally recorded on the Company's enterprise risk register, making it subject to independent oversight and assurance from the enterprise risk team. Work to further integrate climate-related risks, including physical climate risks, into the enterprise risk framework continues into the new financial year.

Governance continued

Governance structure for climate-related issues

The assessment and management of climate-related risks benefit from extensive in-house expertise



Governance structure as at 30 September 2022. Dotted line denotes observer role of Chair of Audit & Risk Committee on Environment Group.

Audit & Risk Committee

Committee details	Committee description
Chair: Non-Executive Director (Vince O'Brien, until 30 November 2022)[1] **Membership:** Non-Executive Directors	The Committee is responsible for overseeing financial reporting, external audit, risk management, internal audit, whistleblowing effectiveness, fraud prevention or detection, and internal controls. The Committee met five times during the Period.

Investment Committee

Committee details	Committee description
Chair: Chief Investment Officer (Listed Equities) **Membership:** Impax investment teams	The Committee oversees the Company's investment activities, investment performance and risk management, and regularly addresses climate-related issues. The Committee meets every fortnight.

Sustainability Lens Committee

Committee details	Committee description
Chairs: Chief Investment Officer (Listed Equities); and Head of Sustainability & ESG **Membership:** Impax's leading sustainability experts	The Committee convenes quarterly to assess emerging issues, risks and opportunities, and their consequences for the Impax Sustainability Lens and for various economic activities. Outcomes and decisions from the meeting are reported at the Investment Committee meeting.

1 Annette Wilson, from 30 November 2022.

Governance continued

ESG Policy Committee

Committee details	Committee description
Chair: President, Impax North America **Membership:** Impax staff, including legal and compliance representatives	The Committee oversees, reviews and approves Impax's ESG, sustainability and stewardship-related policies and positions. It reports significant policy developments to the Investment Committee.

Environment Group

Committee details	Committee description
Chairs: Head of Sustainability & ESG; and Head of Sustainability & ESG (North America) **Membership:** Impax staff, with a Board observer	The Environment Group is responsible for measuring, monitoring and reporting on Impax's environmental and climate performance, as well as proposing firm-level environmental and climate policies, management systems and targets. Meeting quarterly, it reports to the Executive Committee and provides an annual update to the Board.

Private Equity / Infrastructure Investment Committee

Committee details	Committee description
Chair: Founder & Chief Executive **Membership:**[1] Head of the PE/ Infrastructure Team, Head of the Transaction Team (PE/Infrastructure), Head of Commercial Asset Management & ESG (PE/Infrastructure), with an independent observer	The Committee approves all investment and divestment proposals for the Impax New Energy Investors Funds. The Committee ensures that all investment decisions are made in compliance with the relevant Fund's investment policy, Limited Partnership Agreement and investor side letters. The Committee meets as required. The PE/Infrastructure Team's Head of ESG is an Observer on the Investment Committee, responsible for ensuring that investment decisions comply with the ESG Policy and other relevant rules and regulations relating to ESG topics, including climate.

ESG Sub-Committee (Private Equity / Infrastructure)

Committee details	Committee description
Chair: Head of Commercial Asset Management & ESG (PE/Infrastructure) **Membership:** Representatives from the PE/Infrastructure Team (Technical and the Head of the Team), Compliance, Legal and Head of Sustainability & ESG	The ESG Sub-Committee meets every six months to discuss relevant topics, including climate, and is responsible for governing the PE/Infrastructure ESG Policy.

Impax's processes for the assessment and management of climate-related risks and opportunities benefit from extensive in-house expertise on climate throughout the organisation. As well as having trained climate scientists on its investment team, several members of the Executive Committee have leadership roles or sit on the boards of organisations that have an objective to promote the transition to a more sustainable and inclusive economy. This includes Impax founder and Chief Executive, Ian Simm, who is a member of the UK government's Net Zero Innovation Board, Chair of the Decarbonisation Board of the Confederation of British Industry and a Board member of the Institutional Investors Group on Climate Change (IIGCC).

Impax also has an in-house Policy & Advocacy team of experts in climate change, environmental and energy policy. We outline their work in the Strategy section.

1 This is the Investment Committee for Impax New Energy Investors IV SCSp.

Strategy

The Company's strategy is focused on the investment opportunities arising from the transition to a more sustainable economy.

This includes the global transition to net-zero greenhouse gas emissions and adaptation to the unavoidable impacts of climate change.

By using our specialist insights to invest in companies and assets that we judge to be well positioned to benefit from this transition, we believe our approach to investment management can deliver compelling risk-adjusted financial returns to our clients over the long term.

In this section, we outline how we believe the Company is itself well positioned to capitalise on climate-related opportunities and how we approach climate-related risks. We also explain the role of our policy advocacy work in advancing climate-related opportunities and mitigating climate-related risks at a system level.

Impax Climate investment strategy

The Impax Climate strategy invests in a portfolio of 50 to 70 listed companies, across a diverse range of sub-sectors, that have demonstrable exposure to products and services that enable mitigation of climate change or adaptation to its consequences. Climate mitigation solutions include renewable energy and energy efficiency stocks that reduce and prevent greenhouse gas ("GHG") emissions. Primary adaptation solutions focus on addressing the immediate impacts of climate change, such as rising sea levels and extreme heat. Secondary adaptation solutions focus on issues arising from climate change, such as the need for services to forecast and limit financial losses caused by extreme weather.

Through our impact reporting, we have demonstrated that a US$10 million investment in the Impax Climate strategy supported the avoidance of 1,600 tonnes of CO_2 through portfolio companies' products and services in 2021.[2]

Over the three years to 30 September 2022, the Impax Climate strategy delivered gross returns of 34.9%, compared with 23.3% for its benchmark, the MSCI ACWI Index.[3]

CLIMATE-RELATED OPPORTUNITIES AND OUR PRODUCTS

Founded in 1998, Impax is one of the largest and longest-established investors dedicated to investing in the transition to a more sustainable economy. Rising interest among institutional investors for actively managed climate solutions and strategies aligned to the transition to a sustainable economy, across asset classes, presents a key opportunity for the Company.

All of our investments are intentionally aligned to a transition to more sustainable and low-carbon economy. As of 31 December 2021, 59% of Impax's AUM were invested in assets that we assess to be 'climate solutions'[1].

In January 2018, we launched a dedicated Climate investment strategy (see box to the left). As at 30 September, its AUM stood at £2.7 billion, making it Impax's fifth-largest investment strategy.

1 To be classified as 'climate solutions' under Impax's proprietary Climate Opportunities taxonomy, companies must have a demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences. Source: Impax analysis, as at 31 December 2021. Investment-related AUM excludes cash. Please note that this data has not been externally assured.

2 These figures refer to the past. Past performance is not a reliable indicator of future results. Data represents underlying holdings of representative account. Data as at 31 December 2021.

3 AUM (GBP) as at 30 September 2022. In line with market standards, the strategy returns are calculated including the dividends re-invested, net of withholding taxes, gross of management fee, and are represented in sterling. MSCI indices are total net return (net dividend re-invested).

CLIMATE-RELATED RISKS TO OUR STRATEGY

Much as climate-related opportunities are prominent considerations in all investment decision-making, so too are climate risks. We explain how both transition and physical climate risks are assessed and managed as part of the investment process within the Risk Management section.

The performance of Impax investment strategies could be undermined by poor climate risk management of investee companies. We therefore undertake rigorous environmental, social and governance (ESG) analysis on all companies and engage with climate laggards, as outlined in the section on Risk Management below.

Were our investment strategies to diverge from their objectives, we would not be exposed to the climate investment opportunities we perceive and may therefore underperform over the long term. This would also expose the Company to reputational risk. For this reason, ensuring the integrity of our investment propositions is considered paramount.

Impax is a member of a range of climate-focussed organisations including CDP, Ceres, the Energy Transitions Commission, the Glasgow Financial Alliance on Net Zero, the IIGCC, the PRI and the UK Sustainable Investment and Finance Association.

£2.7bn

AUM of Impax Climate strategy (as at 30 September 2022)

Strategy continued

POLICY ADVOCACY

As an investment manager, we believe that one of the most effective actions which Impax can take to limit the systemic risks associated with climate change is to encourage policymakers to put in place effective policy frameworks to accelerate the transition to net-zero emissions. Impax therefore places great emphasis on climate-related policy and advocacy, collaborating with clients and stakeholders for policy action to attract private capital necessary to achieve this transition.

Financing the net-zero transition was one of four priorities for policy advocacy during the Period. The COP26 climate summit in November 2021 was a central focus of that activity. We used a range of channels to communicate our objectives and were pleased to see our positions reflected in commitments and calls to action that emerged at Glasgow.[1]

Impax is a member of a range of climate-focussed organisations including CDP, Ceres, the Energy Transitions Commission (“ETC”), the Glasgow Financial Alliance on Net Zero (“GFANZ”), the IIGCC, the PRI and the UK Sustainable Investment and Finance Association (“UKSIF”). We also participate in issue-specific initiatives which focus on different aspects of climate policy, including the Climate Financial Risk Forum (“CFRF”), the Coalition for Climate Resilient Investment (“CCRI”), the Financial Sector Deforestation Action initiative, the FAIRR Foundation, the Financing the Just Transition Alliance and the UK’s Transition Plan Taskforce.

Impax also supports several charities and non-profit organisations focused on climate action through multi-year strategic partnerships, namely Ashden, ClientEarth, Ceres, and the World Resources Institute.

1 Please refer to Impax’s Engagement and Policy Advocacy Report 2022 for details of our COP26-related policy advocacy work.

Risk management

Impax’s primary climate exposure is through the investments it makes on behalf of clients, where a failure to manage risks could negatively affect investment performance and its reputation as a sustainability-focused investment manager. Secondarily, the Company also faces certain operational climate risks.

CLIMATE RISK ASSESSMENT

As mentioned in the Strategy section above, Impax assesses climate and other material risks through integrated company-level ESG analysis that informs our investment decisions and portfolio construction. Components of this analysis and key performance indicators include:

1. Transition climate risks

- Disclosure: Rigour of measurement and transparency of reporting of climate risk exposure and management, including carbon emissions across all scopes, in absolute and relative intensity terms, e.g., TCFD-aligned reporting
- Management: Establishment of climate management systems, efficiency and renewable energy investment, management compensation tied to climate outcomes
- Target-setting: Robustness of targets; science-based, with short-, medium- and longer-term time horizons, Paris-aligned with sectoral pathways to net zero, ideally externally verified
- Performance: Outcomes achieved from climate management and target-setting

2. Physical climate risks

- Disclosure of company key locations, including strategic plants and facilities
- Assessment of proportion of company facilities exposed to physical climate risks
- Climate risk assessment undertaken with scenario analysis, ideally quantifying financial impacts from physical climate risks
- Actions planned or taken to improve physical climate risk resilience or adaptation

Using a proprietary scoring methodology, we employ a top-down assessment of companies’ exposure to chronic and acute physical climate risks, as well as their vulnerability to them due to both company-specific and country-specific factors. We aim to expand this analysis to a more granular level including the use of geolocation of investee companies’ assets, and are collaborating with the University of Oxford on a project to measure the potential financial impacts, or “Value at Risk”, stemming from physical climate risks.

Investments in the New Energy strategy are subject to climate risk assessments through our ESG analysis to identify material climate risks, and as part of the permitting process for renewable energy projects prior to entering construction. Appropriate measures to reduce any risks can be considered in post-acquisition, active management plans.

Risk management continued

SCENARIO ANALYSIS OF TRANSITION AND PHYSICAL CLIMATE RISKS

Transition climate risks

We have adopted a climate scenario developed by the Network for Greening the Financial System ("NGFS") to assess how our investee companies' earnings might be impacted by the evolution of carbon prices. Carbon pricing includes costs associated with emissions trading systems globally as well as carbon taxes. Our carbon pricing model aims to estimate the impact of carbon pricing on companies' future global earnings before interest and tax ("EBIT"), accounting for their Scope 1 and Scope 2 emissions and based on the Net Zero 2050 scenario by the NGFS. The EBIT of companies with relatively high Scope 1 and Scope 2 emissions and/or low EBIT will be particularly susceptible to the effects of carbon pricing. Scope 3 emissions are currently not used in the model, as Scope 3 emissions are outside of the scope of carbon pricing regimes.

We use this analysis to identify specific companies with high exposure to transition risks with whom we then engage to encouraged improved management of those risks.

Physical climate risks

We have also developed a proprietary tool that examines how seven physical climate hazards – including precipitation, extreme heat and flood risks – are likely to impact investee companies under various emissions-based scenarios, 'Representative Concentration Pathways', that are paired with 'Shared Socioeconomic Pathways'. These scenarios underpin the research collated by the Intergovernmental Panel on Climate Change ("IPCC") in their assessment reports.

The output of scenario-based forecasting can then be mapped against the locations of assets owned by investee companies. To date, we have run the asset location-level multiple-scenario analysis model on assets held in our Private Equity portfolios, as well as many companies held within our Listed Equities portfolios.

Our physical climate risk assessment tool is used to flag companies whose climate risk is more elevated to inform additional examination of that risk. This also feeds into our engagement work.

Using a proprietary scoring methodology, we employ a top-down assessment of companies' exposure to chronic and acute physical climate risks, as well their vulnerability to them.

ENGAGEMENT AS A TOOL FOR CLIMATE RISK MANAGEMENT

Impax actively engages with its investee companies to encourage improved climate risk management, processes and disclosures. Climate change has been one of our four strategic engagement areas throughout the Period. Within this, we have been focused on:

- Processes, management and transparency of climate risks
- Physical climate risks, including water stress
- Disclosure of the location data of companies' assets and facilities

Engagements are conducted as part of regular meetings with company management teams, or through additional conference calls, meetings, email exchanges, or as part of joint communications with the investment community. Engagements are also regularly conducted together with other investors and partners.

Impax actively manages investments in the New Energy strategy and engages directly with management and via the team's positions on boards.

Where material concerns or anomalies are identified, Impax will intervene to mitigate risks. The investee company's management team is immediately contacted. If they are unresponsive or unwilling to consider alternative options, Impax will escalate the dialogue by:

- Seeking alternative or more senior contacts within the company
- Intervening or engaging together with other shareholders, institutions or organisations
- Highlighting the issue and/or joint engagement regarding the issue through institutional investor platforms that involve the likes of academics and NGOs
- Filing or co-filing resolutions at General Meetings

In line with our net-zero commitment, we will continue to use our active stewardship approach to engage investee companies that are not yet considered climate resilient or transition aligned. If interventions are unsuccessful and Impax believes the climate risk profile of the company has significantly deteriorated, or if a company's strategy or governance structures have altered to a degree where its return outlook and strategy no longer meet our expectations, it would be excluded from our investable universe and/or sold.

Engagement with ENN Energy Holdings

Companies that are better positioned to respond to climate change are likely to command a valuation premium over less well-prepared competitors. We have been engaging with one of our China-based investments, energy infrastructure company ENN Energy Holdings, to encourage it to improve its GHG disclosure and physical climate risk management.

In a series of engagements since 2018, we provided the company with a physical climate risk assessment that ENN used as a starting point for conducting a survey of site managers on their perceived physical climate risks and for carrying out a forward-looking pilot financial impact analysis of extreme weather risks. During two engagements in 2021, we found that the company had made significant improvements: it has improved its sustainability disclosures; its GHG emissions reporting is now verified against internationally agreed standards; and the company has set medium-term emissions reduction targets.

Risk management continued

In 2021, for the second year in a row, campaign group ShareAction ranked Impax first out of 65 of the world's largest asset managers for its support of 146 shareholder proposals on environmental and social issues.[1]

IDENTIFYING, ASSESSING AND MANAGING CLIMATE RISK IN OUR OPERATIONS

Transition climate risks (operational)

We are committed to monitoring and reducing our own operational emissions across Scope 1, Scope 2 (emissions relating to electricity consumption) and Scope 3 (largely business travel).

All offices are in shared buildings where energy efficiency measures are centrally managed and largely out of Impax's control. However, the London headquarters are in a certified green building (rated "excellent" by BREEAM and managed by an ISO 14001-aligned building management system) and Impax has been adjusting systems to minimise inefficiencies and seek energy-saving opportunities.

Physical climate risks (operational)

Like almost all companies, Impax is subject to climate-related risks relating to its operations. Specifically, Impax offices are subject to physical risks from extreme weather events as are our suppliers, including of electricity and information technology services, and the transportation systems on which employees depend.

Our assessment concluded that the physical climate risks facing our offices remain relatively low. While drought risk and water stress is high across the metropolitan areas where Impax offices are based, most significantly in London, as an office-based company water risks are moderate and more indirect. Major storm risk is notable, and expected to increase, for our US (Portsmouth, New Hampshire and New York) and Hong Kong offices, with sea level rises elevating coastal flooding risks.

Overall, the assessment indicated that the main operational risks are associated with connecting infrastructure and transport. The experience of the COVID-19 pandemic demonstrated that operations could continue effectively with most staff working remotely, however, giving us confidence that the Company would cope with any acute climate impacts.

1 ShareAction, 2021: Voting Matters 2021 – See page 38 of the Annual Report and Accounts.

Metrics and targets

INVESTMENT-RELATED METRICS

We present our climate metrics and targets using the framework of the Climate Disclosure Dashboard developed by the Climate Financial Risk Forum (CFRF) with input from Impax and peers. We believe this is a useful framework in providing an understanding of climate risks, impacts, resilience and contribution to investments in climate solutions, following the approach of double materiality.

Impax Climate Disclosure Dashboard

Category	Use Case	Metrics
Impact of climate change on Impax's investments	Transition climate risks	Assets significantly exposed to carbon pricing
	Physical climate risks	Assets significantly exposed to physical climate risks
Impact of Impax's investments on climate change	Financing the transition	Exposure to climate solutions Avoided emissions
	Financed emissions	Financed GHG emissions Weighted average carbon intensity (WACI)
Cross-cutting	Engagement	Portfolio alignment Climate-focused engagements and outcomes

In line with the approach proposed by the Dashboard, we are intending to move towards climate-related financial disclosures wherever possible.

The figures included in this section have been externally assured except where otherwise stated. Where figures have not been externally assured, they have been subject to internal peer review undertaken by Impax colleagues who are not involved in their calculation.

Metrics and targets continued

Transition climate risks (investment-related)

Assets significantly exposed to carbon pricing

9% of AUM

Companies comprising around 9% of the AUM of Impax's active listed equities strategies are exposed to a potential decrease in future profitability – measured by earnings before income and tax (EBIT) – of 30% or more, based on a scenario analysis of the impact of carbon pricing (see "Scenario analysis of transition and physical climate risks" in the "Risk Management" section for details). We are engaging to further understand these companies' actions towards mitigating their transition risk exposure as well as their overall climate resilience.

Physical climate risks (investment-related)

Impax active listed equities strategies

15% of AUM

Companies comprising around 15% of the AUM of Impax's active listed equities strategies are exposed to "high" or "very high" physical climate risk, based on our assessment of chronic and acute risks as well as companies' vulnerability due to both company-specific and country-specific factors. Most of these companies' assets and plants are based in the US, China, India, Japan and Mexico.[1]

Impax New Energy Funds

On aggregate, the New Energy portfolio of renewable energy assets performs well across location-related, physical climate hazard metrics. Key areas of focus remain Spain, where heat and water stress are consistently high, and the Netherlands, where coastal flood risks exist.

Financing the transition

Exposure to climate solutions

59% of AUM

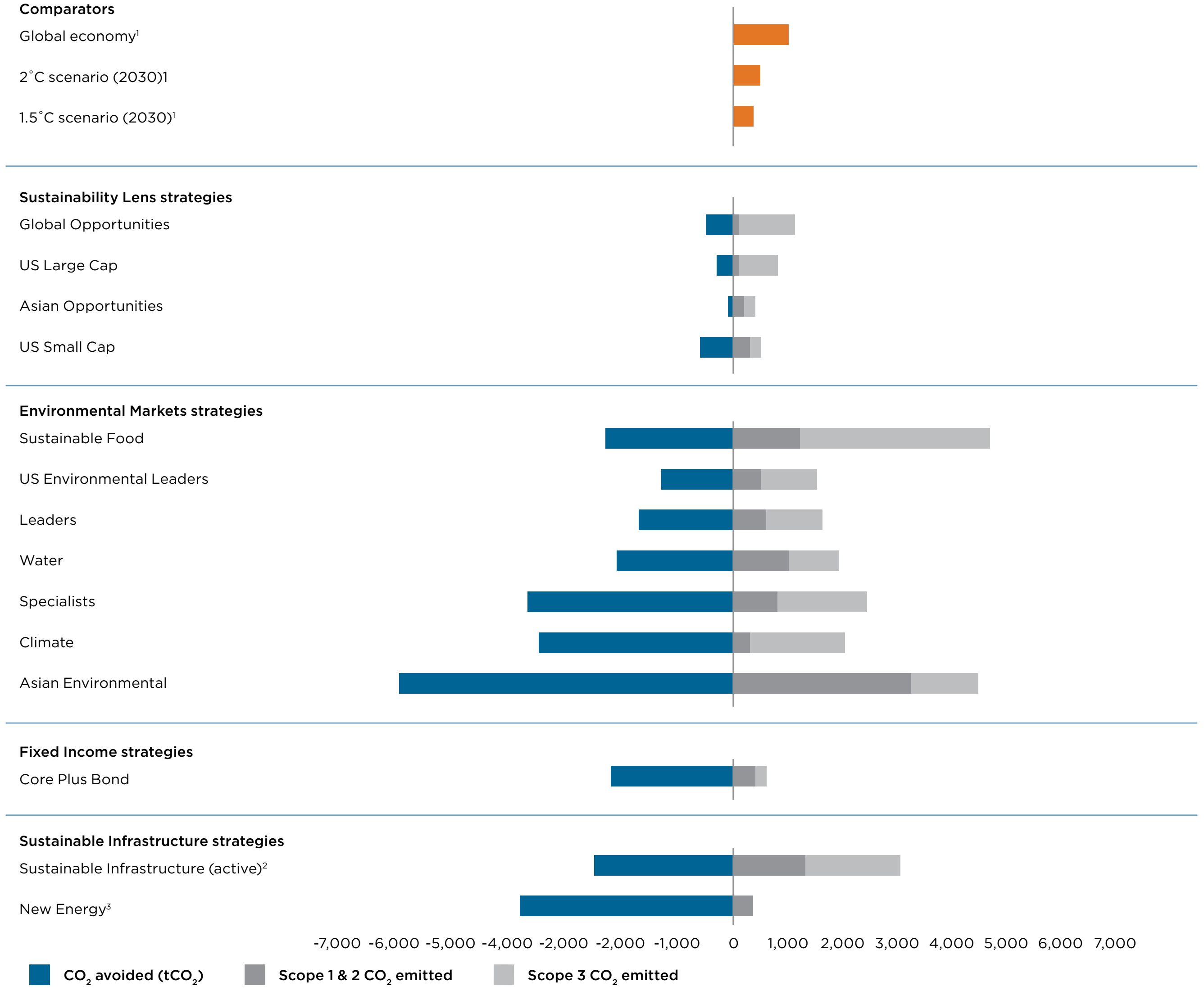
At as 31 December 2021, 59% of total AUM was invested in companies and assets providing climate solutions, with 72% invested in environmental thematic strategies more broadly.[2]

1 This high-level risk assessment includes the country location of companies' headquarters and up to five company facilities.

2 Source: Impax analysis, as at 31 December 2021. Excludes cash. Please note that this data has not been externally assured.

Avoided emissions of investee companies

CO_2 impact per US$10m invested by strategy for one year (tCO_2)



These figures refer to the past. Past performance is not a reliable indicator of future results. Impax impact calculations are based on strategy AUM and portfolio holdings as at 31 December 2021.[1]

Please see overleaf for footnotes.

Metrics and targets continued

We calculate and report, on a portfolio basis, the net CO_2 impact per US$10 million invested in Impax strategies for one year.[4] To calculate net CO_2 impact, we subtract the emissions avoided over one year – as a result of the use of portfolio companies' products and services – from the direct and indirect emissions produced by portfolio companies and in their supply chains. We separate strategy carbon emissions out into Scope 1 and 2 – which includes direct and indirect emissions from energy produced and consumed by portfolio companies – and Scope 3 – which includes indirect emissions from portfolio companies' supply chains and products in use.

FINANCED EMISSIONS

Financed GHG emissions

We have gathered all emissions data disclosed by our investee companies, estimating Scopes 1 and 2 emissions where those are not reported. The table below includes both absolute (tonnes of CO_2 equivalent (tCO_2e)) and intensity-based metrics for listed equities strategies, which account for 95% of total AUM. This includes both our active and systematic listed equities strategies.

	Unit	Listed equities
Scope 1 & 2 emissions	tCO_2e	3,587,563
Scope 3 emissions	tCO_2e	6,758,259
Carbon footprint	tCO_2e / US$1m invested	200
WACI (Scope 1, 2)	tCO_2e / US$1m revenue	150
WACI (Scope 1, 2 & 3)	tCO_2e / US$1m revenue	448

Source: Scope 1, 2, and 3 emissions data gathered and estimated as part of the Impact @ Impax 2022 reporting for active Listed Equities assets. Emissions data for stocks held exclusively in Impax's systematic Listed Equities strategies was externally sourced and has not been externally assured, however underwent an internal peer review, by the Impax systematic quantitative team.

We also gathered emissions data for our fixed income investments, which comprise 4% of Impax AUM. Scope 1 and 2 and Scope 3 emissions totalled 321 tCO_2e and 2,297 tCO_2e, respectively. The carbon footprint for fixed income investments was 23 tCO_2e per US$1m invested.[5]

The carbon footprint of private equity investments, which comprise 1% of Impax AUM, was 40 tCO_2e per US$1m invested.[3]

1 The "**global economy**" comparator has been calculated by dividing estimated total global emissions in 2021 by the value of total global financial assets. Impax calculations are based on estimated global assets under management in 2020 (Source: Financial Stability Board. 2021: Global Monitoring Report on Non-Bank Financial Intermediation 2021) and estimated global GHG emissions in 2018 (Sources: Our World in Data, 2020: CO_2 and Greenhouse Gas Emissions, & Emissions Database for Global Atmospheric Research, 2021: GHG emissions of all world countries).

The GHG emissions figure used is an average of both sources, adjusted to an estimated 2021 figure using the average growth rate in CO_2 emissions from energy combustion and industrial processes between 2018 and 2021 (Source: IEA, 2022). The emissions intensity figure is derived by dividing the adjusted global GHG emissions figure by the global AUM figure.

The "**1.5°C scenario**" is based on the IPCC target of reducing global emissions by 45% from 2010 levels by 2030, to limit global warming to 1.5°C and the "**2°C scenario**" indicates emissions reduction of 25% by 2030, to limit global warming to below 2°C. Impax calculations for the "1.5°C" and the "2°C" scenarios are based on estimated global assets under management (AUM) in 2030 and estimated global GHG emissions in 2030 compatible with the 1.5°C and 2°C alignment scenarios. The 2030 global AUM figure is calculated by extrapolating the 2020 global AUM figure (Source: Financial Stability Board (FSB), 2021: Global Monitoring Report on Non-Bank Financial Intermediation 2021) using the compound annual growth rate in global AUM between 2002 and 2020 (Source: FSB). The 1.5°C-aligned and 2°C-aligned global GHG emissions figures are calculated by reducing 2010 global emissions (an average of two sources: Our World in Data, 2020: CO_2 and Greenhouse Gas Emissions, & Emissions Database for Global Atmospheric Research, 2021: GHG emissions of all world countries) by 45% (1.5°C) and 25% (2°C) respectively. The 45% and 25% reduction needed by 2030 are internationally accepted figures (IPCC, 2018: Global Warming of 1.5°C Summary for Policymakers). The emissions intensity figure is derived by dividing the estimated global GHG emissions figure by the estimated global AUM figure.

2 Reporting for the Sustainable Infrastructure (active) strategy is based on model portfolio holdings, in advance of its launch in Autumn 2022. Data represents indicative underlying holdings of proposed strategy. Actual holdings and therefore impact data may vary and should not be relied upon.

3 Reporting for the New Energy considers the lifecycle emissions of its investments which covers Scope 1, 2 and 3 emissions. The source for solar and wind emissions factors is Annex II: Metrics & Methodology, in "Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change". For hydropower, we use hydroelectric emissions factors published by the Norwegian Water Resources and Energy Directorate (NVE).

4 This captures CO_2 emission and avoidance reporting for approximately 90% of Impax's assets under management, as of 31 December 2021.

5 This includes emissions for corporate fixed income assets held within the Impax Core Bond+ strategy.

ENGAGEMENT

Transition alignment of investee companies

Impax has assessed the alignment of its portfolio companies' climate management and processes to the net-zero transition and the need to adapt to physical climate impacts, based on the PAII Net-Zero Investment Framework[1] and influenced by the SBTi Portfolio Coverage Approach. The approach is also aligned with the GFANZ Financial Institution Net-zero Transition Plan ("NZTP") guidance.[2] Aligned climate management processes include appropriate climate risk pricing, robust climate target-setting (for example, approved the Science Based Target initiative ("SBTi") targets) and TCFD-aligned climate reporting.

We have defined three categories: "transition aligned", "transition aligning" and "transition non-aligned" climate management and processes. In this context, "transition aligned" also includes the need to adapt to climate impacts. The distribution of committed AUM in these categories, as of 31 December 2021, stood at:[3]

"Transition aligned" climate management & processes	47%
"Transition aligning" climate management & processes	45%
"Transition non-aligned" climate management & processes	8%

Climate-focused engagements and outcomes

Climate-related engagements during 2021[4]

Total engagements focused on climate-related issues	23%
Companies engaged on climate issues by AUM[5]	18%

Positive engagement outcomes during 2021

Total engagements with a positive outcome[6]	47%
Climate-related engagements that achieved a positive outcome	66%

1 https://www.iigcc.org/resource/net-zero-investment-framework-implementation-guide/

2 https://assets.bbhub.io/company/sites/63/2022/09/Recommendations-and-Guidance-on-Financial-Institution-Net-zero-Transition-Plans-November-2022.pdf

3 Source: Impax analysis, as at 31 December 2021. These calculations are based on AUM included towards Impax's target under the Net Zero Asset Managers (NZAM) Initiative (see "Investment-related targets" on page 20 for details). Please note that this data has not been externally assured.

4 Source: Impax analysis, as at 31 December 2021. Please note that this data has not been externally assured.

5 AUM, as at 31 December 2021.

6 Positive outcomes are classified as "progress achieved" or "milestone achieved" as assessed by Impax against engagement objectives.

Metrics and targets continued

INVESTMENT-RELATED TARGETS

Impax's net zero target and commitments

The Net Zero Asset Managers (NZAM) initiative, which Impax joined in October 2021, reflects a formal commitment by signatories to support the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

As an NZAM initiative signatory: Our aim is for 100% of committed AUM to be within the "transition aligned" or "transition aligning" categories, related to climate management and processes, by 2030. At least 50% of committed AUM will be classified as aligned.

To achieve this target, we will:

- Engage with all in-scope companies not yet climate resilient/transition aligned
- Use proxy voting as part of climate resilience and transition stewardship
- Use collaborative engagements and escalations
- Use "system-level" engagement to identify and remove barriers from achieving net zero transition
- Focus on policy advocacy as support for accelerating a real-economy transition
- Consider climate transition in product development

Impax's approach is informed by the PAII Net Zero Investment Framework[1] and is influenced by the SBTi Portfolio Coverage Approach. Committed AUM consists of all actively managed listed equities and private equity investments which represent 92% of AUM. Over time we plan to increase the proportion of AUM committed. We are committed to reporting on the level of our investment in climate solutions and on the related avoided GHG emissions.

1 IIGCC Paris Aligned Investment Initiative, Net Zero Investment Framework 1.5C Implementation Guide: https://www.parisalignedinvestment.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf

OPERATIONAL METRICS

Our carbon emissions for the Period (12 months to 30 September 2022)

	2022 (tCO_2e)[1]	2021 (tCO_2e)	Change (%)	Change tCO_2e/FTE (%)	Change tCO_2e/AUM (%)
Direct (Scope 1, natural gas)	31	32	-2%	-22%	+2%
Indirect (Scope 2, electricity consumed, market-based approach)	5	10	-53%	-63%	-51%
Value chain (Scope 3 business travel)	340	9	+3,590%	+2,834%	+3,749%
Impax total (market-based approach)	376	51	+630%	+480%	+661%

The Company's total carbon footprint (Scopes 1, 2 and 3) increased substantially during the Period, driven primarily by increased business travel, from a very low base, with the lifting of global travel restrictions following COVID-19 lockdowns and continued business growth. The latest pre-pandemic Scope 3 (business travel) figure, for the Period ending 30 September 2019, was 329 tCO_2e. We have enhanced our Scope 3 emissions methodology with more accurate emissions factors, including flight distances, class of travel and radiative forcing.[2]

Market-based Scope 2 emissions decreased due to a small reduction in consumption and a switch to renewable energy at the New Hampshire office in 2021. Our New York City office opened during the Period and has been added to our reporting scope.[3]

The Company's total global energy consumption over the Period was 492 MWh, up 3% compared to the previous Period.[4] The New Hampshire and London offices accounted for 55% and 42% of total energy consumption, respectively.

OPERATIONAL TARGETS

Impax has the following firm-wide, operational environmental targets in place:

- Scope 2 emissions target: To source 100% renewable energy across all Impax offices (from electricity use). This stood at 97% across the company at the end of the Period. Our Hong Kong office is now sourcing renewable electricity.
- Scope 3 emissions target: Air travel has historically been Impax's largest source of carbon emissions, and we now look to substitute short-haul air travel by rail or coach where possible. We also favour video conference meetings whenever practicable. We are discussing a target to reduce Scope 3 emissions.

1 These FY2022 operational carbon emissions figures have been externally assured by ERM CVS, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised). Following a location-based approach, Impax total emissions for the Period were 440.4 tCO_2e.

2 Scope 3 business travel emissions: All air travel distance data provided our third-party corporate travel provider for FY2022 has been used to calculate associated business travel emissions, by applying the relevant UK Government DEFRA/BEIS emissions factors (including radiative forcing) by flight distance (domestic, short-haul, long-haul and international) and flight class (economy, premium economy and business).

3 At present, travel-related emissions data is only available for air travel undertaken by employees based in our London, Hong Kong and Dublin offices (equivalent to 62% of firm-wide full-time equivalent employees). Emissions associated with rail travel have not currently been captured by the existing data. While business travel by hire cars and buses is limited, staff expense these journeys retrospectively and we have not been able to capture associated travel or emissions data of these journeys.

4 Reporting in line with Streamlined Energy and Carbon Reporting requirements (SECR). This total global energy consumption figure has been externally assured by ERM CVS.

Metrics and targets continued

Independent Assurance Statement to Impax Asset Management Group plc

Impax Asset Management Group plc ("Impax") engaged ERM Certification and Verification Services Limited ("ERM CVS") to provide limited assurance in relation to selected data in Impax 2022 Annual Report (the "Report") as set out below.

Engagement summary	
Scope of our assurance engagement	Whether the selected data for the financial year 2022 listed below and presented in the Report are fairly presented, in all material respects, in accordance with the reporting criteria: • Total Scope 1 direct GHG emissions tCO_2e • Total Scope 2 indirect GHG emissions – location based tCO_2e • Total Scope 2 indirect GHG emissions – market based tCO_2e • Scope 3 GHG emissions for Category 6: Business Travel tCO_2e • Total global energy consumption MWh
Reporting period	1 October 2021–30 September 2022
Reporting criteria	WBCSD/WRI GHG Protocol (2004, as updated January 2015) as relevant for the Scope 1, 2 and Scope 3 data. Streamlined Energy Carbon Reporting (SECR) requirements for the Total global energy consumption data.
Assurance standard	International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	Impax is responsible for preparing the Report and for the collection and presentation of the information within it. ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

OUR CONCLUSION

Based on our assurance activities, nothing has come to our attention to indicate that the data, as listed above, are not fairly presented in the Report, in all material respects, with the reporting criteria.

EMPHASIS OF MATTER

Without affecting our conclusion, which is not modified, we draw attention to the explanatory notes provided by Impax relating to Scope 3 GHG emissions for Category 6 in the 'Operational metrics' section of the Report. In particular, GHG emissions for this Category from the USA offices where ~38% of employees are based, as well as emissions associated with ground transportation such as rail and hire car and buses are currently not included within reporting due to limitations around data collection processes.

OUR ASSURANCE ACTIVITIES

Our objective was to assess whether the reporting of the data is in accordance with the principles of completeness (inclusion of holdings and the boundary applied), consistency (application of reporting criteria) and accuracy (supporting information reported by individual assets and collation and aggregation of data).

We planned and performed our work to obtain the information and explanations that we believe were necessary to provide a basis for our assurance conclusion.

A multi-disciplinary team of sustainability and assurance specialists performed the following activities:

- Interviewing relevant staff to understand the methodology, collection, reporting, internal QA/QC and calculation of the selected data.
- Reviewing documentation related to the methodology, including sources of information and the application of any factors and/or assumptions used to report the selected data.
- Identifying and testing a sample of material data points (and associated data processes and systems) for accuracy and completeness.
- Testing the accuracy of the overall consolidation and aggregation of the reported data.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the assured data is subject to inherent uncertainties, given both the available methods for determining, calculating or estimating the underlying information and the dependence on individual companies within Impax investment holdings to provide relevant and accurate performance information. It is important to understand our assurance conclusions in this context. We do not provide any assurance on future performance or the achievability of Impax goals and targets.

OUR INDEPENDENCE

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Impax Asset Management Group plc in any respect.

Gareth Manning

Partner, Corporate Assurance

28 November 2022

ERM Certification and Verification Services Limited, London
www.ermcvs.com | post@ermcvs.com

ERMCVS Informed Assured

WWW.IMPAXAM.COM

IMPAX ASSET MANAGEMENT GROUP PLC

7th Floor
30 Panton Street
London
SW1Y 4AJ
United Kingdom

T: +44 (0)20 3912 3000
E: info@impaxam.com

@ImpaxAM
Impax Asset Management