

## Modern Slavery Statement for Year Ended 2022

### 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 2022.

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.

### Our structure, operations and investments

#### Overview

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 investee companies and assets. 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 investments 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 and construction 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 and Central Europe, as well as the United States. These investments are made in projects and portfolios at various stages of development though we typically find the most value in entering during late-stage development and taking projects through construction, employing a buy-build-sell approach.

Impax 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 portfolio companies (each a "Portfolio Company") to transact on the relevant fund's behalf for a particular investment or investments. Portfolio Companies appoint directors and may in some cases employ a small number of employees or consultants, who are highly skilled. Portfolio Companies are typically established in the UK or Western and Central Europe, as well as the United States.

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 predominantly 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.

#### *Risks of modern slavery practices in our operations and investments*

Due to the nature of the employment arrangements in its operations, as described above, Impax considers that there is a low risk of causing, contributing or being directly linked (within the meaning of the United Nations Guiding Principles on Business and Human Rights (UNGPs)) to modern slavery practices in this area of its operations.

Impax recognises that it may be directly linked 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 as the Asia-Pacific region) and sectors (such as food production). Impax also recognises that some of the renewable energy sectors in which we invest through our listed and private markets business may be exposed to elevated modern slavery risks through, for example, the global solar panel supply chain and raw materials such as cobalt. However, in order to manage modern slavery risk, 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 or otherwise with control rights, in

projects and portfolios at various stages of development, including taking projects through the construction phase into operations. We take a risk based approach to assessing all of our third party relationships, looking to work with top-tier suppliers, and actively manage those relationships. Impax recognises the elevated modern slavery risk associated with the construction industry and we seek to address this through our vendor due diligence process, which requires additional evidence to be provided by vendors to assess and address the risks identified.

## **Our supply chains**

### *Overview*

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, and, at the Portfolio Company level for private markets investments, construction services providers.

### *Risks of modern slavery practices*

We recognise that modern slavery risks may be elevated within particular aspects of our supply chains. This includes at a Portfolio Company level where construction services providers are appointed and components are sourced for the construction of our renewable energy projects (some of which have been linked to higher risk regions such as the Asia-Pacific region) in the context of infrastructure investments, as discussed above. Other suppliers at the Portfolio Company 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. Please see below under Supplier Engagement for further details on how we seek to address service provider risks.

With respect to listed investments, please see below under *Embedding ESG considerations into investment decisions* for further information on responsible sourcing.

## **Our actions to assess and address risks**

In addition to being an ethical necessity, we view the assessment and prevention of modern slavery as an important part of good corporate practice, and have developed and implemented appropriate policies and procedures designed to manage the risk of modern slavery practices in our operations and supply chains. In particular, we seek to 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. Further information with respect to these ESG considerations and tools is set out in Impax's ESG Policy, Engagement Policy and New Energy Strategy ESG Policy, which are available on [www.impaxam.com](http://www.impaxam.com).

### Listed investments

We assess human rights issues in connection with our active listed investments. We use quarterly third party Global Standards screening of our investable universe to monitor compliance and engage with the companies where potential issues are flagged. Where companies are found to be in actual breach of UN Global Compact principles, they are excluded from the investable universe and divested. Where a company is flagged for potential breaches, consistent with the UNGPs, Impax will monitor and seek to engage, as appropriate. 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 specifically engaging with investee companies active in or sourcing key components from regions with allegations of human rights breaches and forced labour concerns. Engagement can take a number of forms depending on the relationship and our assessment of risk, however, it usually involves Impax writing to the relevant investee company to put them on notice of our expectations and invite them to enter a dialogue on appropriate risk management.

*High risk sectors:* We identify economic activities and business practices that could indicate 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.

Where material to a company, responsible sourcing including labour practices is analysed as part of our proprietary ESG analysis, i.e. the extent to which applicable management systems, processes, policies and governance structures (oversight) are in place which seek to actively mitigate risks with regard to responsible sourcing, supply chain management, and upstream exposure to human rights violations. Where the ESG analysis gives rise to further questions or concerns, these aspects are further assessed through active bottom-up engagement on the matters with the respective companies.

## 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. As part of its wider ESG analysis and the transaction structuring and negotiations process, Impax engages with the seller (often the minority interest joint venture partner) to highlight any issues and communicate the ESG strategy and how it can be implemented as part of the closing or post-closing actions. Every year and on an ad hoc or exceptional basis Impax assesses the status through a review of data collected. We complete compliance checks pre and post investment and seek to include clauses in contracts prohibiting violations of modern slavery (as set out below), as well as anti-bribery, corruption and tax evasion before engaging with counterparties.

We have an explicit exclusion list for investments we intend not to 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.

## **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:

- Conducting due diligence proportionate to the risk of modern slavery for corporate services suppliers 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 providers 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 Portfolio Company the ability to request assurances and information in relation to the compliance undertakings.
- Additional supplier due-diligence and monitoring for corporate services providers. 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 receives annual due diligence reports on material corporate services 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.
- Supplier Code of Conduct. We are committed to encouraging all of our suppliers, third-party vendors and contractors at the corporate level ("Suppliers") to adhere to responsible business practices. To that end, in the last reporting period we implemented a Supplier Code of Conduct, which sets out our expectations in relation to labour rights, modern slavery and other business integrity issues. In addition, we encourage Suppliers to apply these requirements to their own suppliers, third-party vendors and contractors. Alternatively, if a Supplier has its own Code of Conduct or equivalent, we will expect them to adhere to such policy. Where Impax becomes aware of infringements of the Supplier Code of Conduct or of infringements or deficiencies of the Supplier's own equivalent policies and procedures, Impax may choose not to appoint, or to terminate its relationship with, the Supplier.
- In the last reporting period we have implemented an updated vendor management procedure and a supplier code of conduct for private markets Portfolio Company suppliers. The vendor management procedure incorporates a more detailed check on suppliers to those companies, which includes heightened scrutiny of modern slavery risks, while the code of conduct aims to ensure that such suppliers act in accordance with our values. Additionally, we have enhanced provisions within material contracts in an effort to mitigate modern slavery risks.

### 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.
- 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, consistent with the UNGPs' requirement to exercise leverage, 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 member of a range of sustainability initiatives and networks, including the Principles for Responsible Investment (PRI), the Council of Institutional Investors, the UK and US Sustainable Investment and Finance Associations, the Global Impact Investing Network and Ceres, as well as the Asian Corporate Governance Association (ACGA). Impax's involvement in these initiatives not only illustrates our deep commitment to furthering responsible investment activities, but also provides valuable information-sharing, benchmarking and educational opportunities. In the 2021 PRI survey, Impax received a 5/5 star rating for overall Investment & Stewardship Policy<sup>1</sup>. We also scored 4/5 stars for Listed Equity and Fixed Income modules and 5/5 stars for Private Equity/Infrastructure.
- Our private markets business has supported its Portfolio Companies by implementing various policies including a code of conduct and minimum standards for Portfolio Company employees, and whistleblowing protections. Analysis in Impax Investment Committee papers includes an assessment of human rights and supply chain/ vendor management risks which are integrated into the ESG strategy for that asset.

### Assessing the effectiveness of our actions

Impax assesses the effectiveness of the steps it has taken to combat modern slavery in our operations, investments and supply chains by engaging with our staff and suppliers on an ongoing basis.

With respect to its investments, Impax views ESG integration and methodology as continuously evolving and assesses how these add value in the investment process, as well as taking into consideration emerging issues and risks that are material for its investee companies. This is achieved using a combination of company analysis, sustainability analysis and examining the types of issues that NGOs and think tanks are focused on, as well as analysis of planned and forthcoming legislation and policy.

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.

Using the results from our assessment of the effectiveness of our actions, we seek to continually improve our response to modern slavery risks by setting strategic priorities and determining our next initiatives. Our intended actions for the next reporting year are set out in the next section.

### 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:

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<sup>1</sup> The PRI rating is the result of a due diligence process conducted on all PRI signatories and is independently determined by their process. All PRI signatories pay a fee for membership.

- In the next reporting period we plan to continue to work with our private markets Portfolio Companies in an effort to ensure that the vendor management process is effectively managed with a greater focus on highlighting significant risks to tailor the due diligence appropriately. We will continue with efforts to engage with suppliers and subcontractors directly and complete traceability audits when considered appropriate. We will also continue to engage with Portfolio Companies around equity, diversity and inclusion (ED&I) initiatives including implementing an updated framework HR policy.
- We have been developing a process which seeks to focus on traceability and engagement in connection with the procurement of solar panels within our private markets investments, where modern slavery risks are rated as high through our vendor due diligence process. This involves engagement with these suppliers and a more in-depth assessment of their processes, plus the option to engage a third party to complete a traceability audit if deemed necessary.
- For listed investments the complexity of supply chains and the inherent challenge of responsible supply chain management plays into our strategic top-down engagement efforts. This area interfaces with many localised sustainability challenges, such as physical climate risks, water, biodiversity loss and labour practices. We are looking to address this important topic in the coming reporting period through targeted engagement dialogues with relevant investee companies.
- In December 2022, Impax joined the PRI Advance Human Rights Initiative. The objective of this collaborative engagement initiative is to advance human rights and positive outcomes for workers, communities and societies through investor stewardship. The initiative's key engagement asks of companies are: to fully implement the UNGPs – the guardrail of corporate conduct on human rights; to deepen progress on the most severe human rights issues in their operations and across their value chains; and to align political engagement with their responsibility to respect human rights. As part of this initiative, Impax have expressed interest in joining engagement dialogues with two investee companies within the renewables sector in focus. We will look to apply relevant learnings and insights into targeted engagements with any other relevant companies in our portfolio. Furthermore, as part of our top-down human capital management engagement theme, we are looking to take a similar approach in terms of defining clear objectives regarding human rights due diligence for those companies most at risk within our portfolios. The Corporate Human Rights Benchmark assessment and other relevant tools will help us identify priority companies within our portfolios.

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, Portfolio Companies 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.

Signed by Sally Bridgeland, Chair  
16 March 2023