

UK Stewardship Code Statement

April 2023

This UK Stewardship Code statement is applicable to all regulated investment management entities of the Impax Group, namely:

- Impax Asset Management Limited (“Ltd”)
- Impax Asset Management (AIFM) Ltd (“AIFM”)
- Impax Asset Management Ireland Ltd
- Impax Asset Management LLC

which are all collectively defined as “Impax” or the “Firm”.

UK STEWARDSHIP CODE PRINCIPLES FOR ASSET OWNERS AND ASSET MANAGERS

Purpose and governance

1. Purpose, strategy and culture
2. Governance, resources and incentives
3. Conflicts of interest
4. Promoting well-functioning markets
5. Review and assurance

Investment approach

6. Client and beneficiary needs
7. Stewardship, investment and ESG integration
8. Monitoring managers and service providers

Engagement

9. Engagement
10. Collaboration
11. Escalation

Exercising rights and responsibilities

12. Exercising rights and responsibilities

Principle 1:

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Founded in 1998, Impax Asset Management ("Impax" or the "Firm") is a specialist asset manager focused on investing in the transition to a more sustainable global economy.

We believe that:

- Capital markets will be shaped profoundly by global sustainability challenges, particularly 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.

Impax invests in companies and assets that are well positioned to benefit from the transition to a more sustainable global economy. Impax seeks to invest in higher quality companies with strong business models and governance, that demonstrate sound management of risk whilst being able to adapt intelligently to changing conditions.

Impax offers a well-rounded suite of investment solutions to global investors, spanning multiple asset classes seeking superior risk-adjusted returns over the medium to long term. Impax manages funds and accounts in four areas: actively managed long-only equities, fixed income, systematic equities, and private markets strategies.

Impax's proposition to clients reflects the firm's investment beliefs:

- Over 24 years of experience in designing and investing in strategies aligned with the transition to a more sustainable economy. This experience is valued by clients seeking to understand a confusing and rapidly evolving marketplace.
- Impax has a multi-disciplinary investment team of individuals with diverse backgrounds. The firm's exclusive focus on sustainability has resulted in the attraction of a particularly motivated group of employees. Analysts and portfolio managers who are highly interested in sustainability are naturally minded to incorporate ESG and stewardship aspects into company analysis and portfolio construction decisions.
- Taking a longer-term view of trends within the global economy, particularly in the area of sustainability, aligns Impax's investment strategies with the time horizons of clients and ultimate beneficiaries of our clients' savings products.
- Stewardship through active ESG engagement and proxy voting are important parts of the investment process. A fundamental research approach exploring areas of relevance to management teams enables analysts to build a level of trust with companies enabling more effective stewardship over the long term.
- Impax also undertakes dedicated policy research to understand policy and legislative drivers related to the transition to a more sustainable economy and advocate on behalf of and alongside our clients in the development of new regulation in the area of sustainable finance.

AUM & Strategy:

Impax's culture derives from our mission of investing in the transition to a more sustainable economy. This informs our core values which are derived from the firm's investment beliefs.

Our Mission statement:

- To generate superior, risk-adjusted investment returns from opportunities arising from the transition to a more sustainable economy for clients with a medium to long-term horizon;
- To contribute to the development of a sustainable society, particularly by supporting or undertaking relevant research and engaging or collaborating with others; and
- To provide a stimulating, collaborative, and supportive workplace for our staff.

Our Values are:

- **Be the solution:** Impax's core focus and motivation is to offer solutions. It defines the investment approach Impax offers its clients, the contribution it makes to the broader global community and the attitude staff bring to work each day.
- **A passion for excellence:** Impax is passionate about its mission and its work. The Firm strives for excellence in everything it does. Impax's staff hold themselves to high standards and trust each other to share these aspirations and contribute to the results.
- **All voices valued:** Impax makes better decisions if it is diverse and inclusive. All voices are welcomed, and all voices are heard. Impax aspires to a dynamic culture that embraces change and inspires the evolution of new ideas.
- **Doing better together:** Impax believes it can do far more, far better, working together as a team. True collaboration means treating others as they would want to be treated. Impax's staff value and respect their colleagues, clients and partners, their families, and the wider community. Impax's staff are all interconnected and cannot hope to succeed alone.
- **Building a common future:** Impax has a responsibility to promote prosperity while protecting the planet. The Firm is committed to sustainable development, and to stewarding its environmental and societal impact for the benefit of current and future generations.

Impax is headquartered in London, United Kingdom and has offices in the United States, Hong Kong, Ireland and Japan. The firm has a collegial working culture, with an experienced team of c. 280 staff with diverse backgrounds, bringing together complementary skills and experience.

As of 31 March 2023, Impax's total assets under management and advice is £40.1 billion across active equities and fixed income strategies, systematic equities and private markets. All strategies are guided by a proprietary Impax investment tool which translates all aspects of the firm's belief in the transition to a more sustainable global economy into actionable investment ideas for portfolio managers. All funds marketed into the EEA for which an Impax entity acts as the sponsor and management company, are classified as either Article 8 or 9 under the Sustainable Finance Disclosure regulation.

During 2022 we continued to expand the breadth of our client base, which is already well diversified by channel and geography, with 79% of our AUM coming from clients outside the UK. New clients and subscriptions were directed particularly into our Sustainability Lens equities strategies and within our thematic Environmental Markets strategies, into our Leaders strategy and Climate strategy, which focuses on climate adaptation and mitigation. There were no material, product related complaints in the reporting period.

A recent survey of public asset owners enabled feedback on net-zero commitments which has generated significant engagement with this cohort of clients for support in deciphering and implementing the various initiatives and targets globally.

Strategic Priorities

- Deliver superior, risk-adjusted invested returns
- Optimise existing strategies and selectively launch new strategies
- Widen & deepen distribution channels
- Enhance client experience beyond investment returns
- Attract & develop an outstanding team
- Increase operational scalability & efficiency
- Build insights & advocacy around transition to a more sustainable economy
- Deliver excellent financials & sustainable stakeholder value

Impax in the Community

Impax's community strategy is underpinned by its mission statement, "...to make a contribution to the development of a sustainable society by supporting or undertaking relevant research and engaging or collaborating with others." Impax has established multi-year partnerships with organisations closely aligned with its focus on the transition to a more sustainable economy and where the organisations' activities are likely to have a beneficial effect for our clients as well as the broader community. In our financial year 2022 we donated more than £287,000 to charitable causes.

Impax's charitable partners include:

- **Ashden** is a London-based charity that champions applied, local energy solutions to reduce greenhouse gas emissions, protect the environment, combat poverty, and improve lives. Impax and Ashden have worked in partnership for a decade, with Impax sponsoring the Ashden Award for Climate Innovation in the UK. A team of Impax colleagues take part in the awards process each year, to help evaluate and judge award submissions, and provide ongoing mentoring and support to previous winners.
- **Ceres** is the leading US NGO addressing the world's greatest sustainability challenges through collaborations with leaders in business, government, and finance. Impax has partnered with Ceres for nearly a decade, providing programmatic support, grants, and in-kind assistance. This supports the team at Ceres in their research and analysis, and in ensuring their findings are heard by investment leaders and the public.
- Impax's support for **ClientEarth** is in its seventh year. A non-profit environmental law organisation, ClientEarth's team of lawyers fight the systems which restrict the planet's freedom, using the power of the law to create lasting impact and drive systematic change to protect the earth. They advise decision-makers on policy, train legal and judicial professionals and launch legal interventions.

In the current financial year we have expanded our charitable partnership programme to include two new partners, Groundworks and Country Trust, and a new initiative, the Pax Scholarship Program. All of these initiatives are focused on expanding social opportunities and are focused on future skills, particularly in the green economy.

- **Groundwork** is a federation of charities mobilising practical community action on poverty and the environment across the UK. Our partnership supports 10 disadvantaged young people into jobs in the green economy in Yorkshire through the Green Jobs Pathfinder, aiming to create accessible pathways into entry-level green roles, increase the diversity of people pursuing green careers, and help 'left-behind' places to thrive through a green economy. Impax supports the training and wages for their employment in a sheltered environment provided by Groundwork pre-employment and in their first 6 months. The scheme aims to tackle youth unemployment and create life-long green advocates along the way.
- **Country Trust** is one of the UK leading educational charities. The Impax Food Discovery Programme helps give 460 children in 10 schools the opportunity to get hands on with the living world, to learn practical skills, and to begin to discover where our food comes from, and how food, and food production is connected to health and sustainability.
- **The Pax Scholarship Program** honours our Pax World Funds heritage by awarding annual scholarships to three New Hampshire-based educational and non-profit institutions promoting sustainable finance, advancing women and girls, and fostering global peace. The programme aims to serve young leaders from around the world.

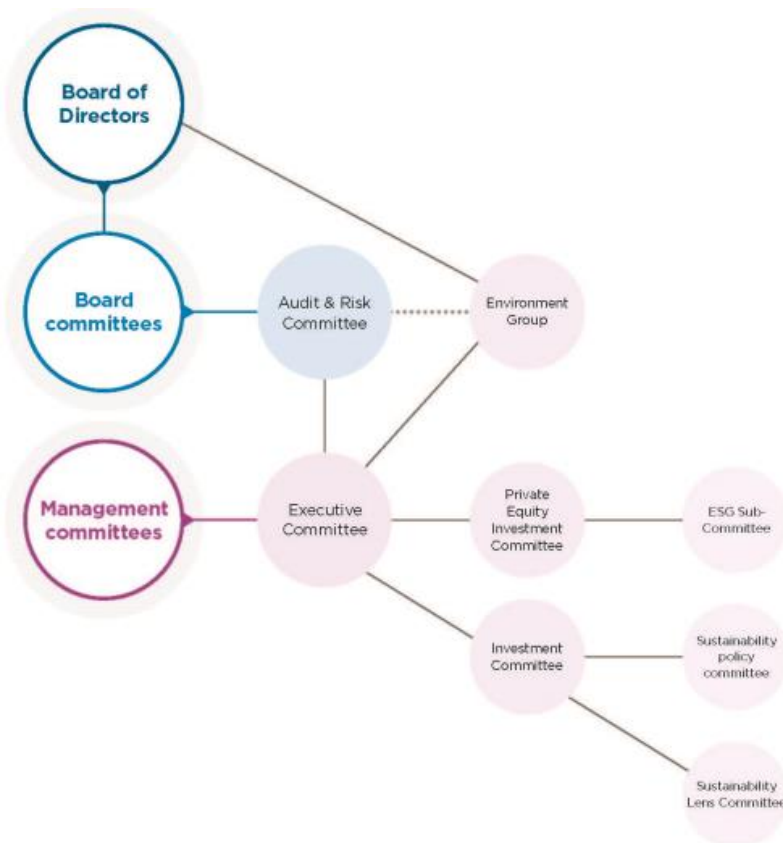
As part of our focus on Equity Diversity & Inclusion, Impax has a close relationship with two organisations in the UK and the US: **Diversity Project** and **Toigo**. Impax joined Diversity Project as a member in June 2021. It is a cross-company membership organisation focused on improving the equality, diversity, and inclusion on the UK investment management industry through building a more inclusive culture. Chief Operating Officer Darren Johnson is a member of the #TalkAboutBlack workstream and movement, that looks to “address the chronic underrepresentation of Black talent through building a sustainable pipeline of Black leaders in the asset management industry”. We entered a partnership with US-based non-profit Toigo in September 2022. Toigo aims to improve the diversity of the financial services industry by increasing leadership presence of individuals from underserved communities. We partner with Toigo through involvement in their career connections events, internship support services and talent support.

Principle 2:

Signatories’ governance, resources and incentives support stewardship

All of Impax’s investments are positioned to benefit from the transition to a more sustainable economy and this approach to investing is at the core of Impax’s strategy.

This strategy is illustrated in the abridged governance chart of Impax, with Sustainability and ESG, including stewardship, being a central part of the firm’s operations, with oversight at the Board and Executive Committee levels.



The Impax 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 investment and sustainability 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 and sustainability risk management, on behalf of the Board,

supported by the Enterprise Risk Committee, which is responsible for monitoring the effectiveness of internal controls and processes designed to mitigate the risks identified.

A dedicated Non-Executive Director has “environment responsibility” and is Board Sponsor of 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 are delegated to senior management, specifically the Executive Committee, represented by the heads of the firm’s departments, including the Global Head of Sustainability and Stewardship at Impax. The Executive Committee reports to the Impax Board and its Board Committees.

Equity, diversity and inclusion (“E,D&I”) is central to Impax’s philosophy, values and mission. The E,D&I Group is responsible for Impax’s strategy in this area and reports regularly to the Board. It is sponsored by both an Executive and a Non-Executive Director. The E,D&I Group meets regularly to align on ideas, actions and progress, and to communicate feedback from colleagues.

The Compliance team conducts monitoring and controls of investment processes, while the Product Governance Committee is responsible for ensuring that new and existing investment products adhere to sustainable finance and investment regulations and client agreements. These teams and committees have an oversight responsibility of sustainability and stewardship activities.

The Investment Committee oversees investment activities, performance, and risks, with a dedicated ESG and stewardship agenda item, including the reporting of e.g. key engagement projects and outcomes. The listed investments’ Investment Committee is Chaired by the firm’s CIO who is on the Executive Committee and regular updates are provided to the Executive Committee and through to Impax’s Boards.

The committees and groups dealing with sustainability, ESG and stewardship activities most directly are the “Impax Lens Committee”, the “Sustainability Policy Committee” and the “Sustainability & Stewardship Expert Group”, as well as the “Private Equity ESG Sub-Committee”. The committees report key issues to the Investment Committees. The committees’ and group’s main activities are described below.

Impax Lens Committee (ILC)

All Impax’s investments and strategies are aligned to the transition to a more sustainable economy. The proprietary “Impax Sustainability Lens” captures sustainability risks and opportunities across all economic activities and time horizons. Sub-sectors that have Low Lens Risks and High Lens Opportunities, are set to benefit from a transition to a more sustainable economy and are well positioned for the long term. These well-aligned areas of the economy are sought and prioritised for Impax’s investments. The Impax Lens Committee convenes every quarter to assess emerging issues, risks and opportunities, and the consequences for the Lens and the various economic activities. The ILC through its “Sector Expert Group Reviews” and meetings, serves to shape how the firm views different activities, sectors, risks and opportunities, in identifying activities that are well-aligned to the transition to a sustainable economy. The outcomes and decisions from the ILC meeting are reported at the Investment Committee meeting. All ILC meetings are minuted and following a set agenda item, stated in its Terms of Reference.

Sustainability Policy Committee (SPC)

The SPC has been established to oversee, review, and approve Impax’s ESG, sustainability and stewardship-related policies and positions. It convenes as required and has established a Terms of Reference. The committee reports significant policy developments to the Investment Committee.

Sustainability & Stewardship Expert Group (SSEG)

The SSEG is a working group, convening monthly, with a set agenda and a Terms of Reference. The objective of the SSEG is the coordination of ESG and stewardship work at Impax.

The significant increase in sustainable finance reporting requirements, both regulatory, such as the EU’s Sustainable Finance Disclosure Regulation, “SFDR”, as well as voluntary reporting requirements, have led to the establishment of a new firmwide working group, the “Beyond Financial Returns” group, the “BFR” group. It consists of representatives from compliance, client services, marketing, technology and data architecture, as well as the sustainability and policy advocacy teams, to coordinate the regulatory, but also voluntary ESG, sustainability and stewardship-related reporting work.

Processes, resources and training

Processes:

Impax has developed an integrated approach to ESG-analysis and engagement for the active listed investments. The lead investment analysts are responsible for the financial and ESG analysis, as well as the related engagements of the investee companies under their coverage. The sustainability & stewardship team is responsible for the oversight and for providing peer-reviewing and scoring of the ESG analysis, coordination of focus areas of engagement and continuous further development of the ESG, sustainability and stewardship approaches and methodologies.

There is an on-going exchange of ESG-related information to the investment team to keep abreast of new ESG or stewardship developments. There are standing agenda items for ESG, engagement, and policy developments at the on-going investment team meetings and the Investment Committee meetings.

The private markets investment team investing in renewable energy infrastructure, such as wind and solar farm construction, have a Head of Sustainability. ESG topics are standing items at the PE/Infrastructure team's Investment Committee meetings and are considered and integrated by the investment and asset management teams. Twice a year the PE ESG sub-committee convenes to discuss current issues, such as resourcing, research and reporting. The Private Equity/ Infrastructure team use an external system to collect ESG and impact data directly from its investee companies.

We are continuously assessing the effectiveness of the sustainability, ESG and stewardship work and processes, both in terms of meeting internal and external requirements. An internal audit process in Q3 2022, found the Impax ESG and stewardship processes in place to be "satisfactory". More detail on this process and the outcome, in Principle 5.

Resources:

Impax has c. 80 investment team members globally, of which 16 are specialised in sustainability research, ESG analysis, stewardship, and policy research and advocacy. We have been gradually increasing resources for sustainability, stewardship and policy advocacy and have come to a point where we have started specialising the roles within the team, to a degree. For instance, we have created a new role, "Head of Stewardship", to lead on the engagement and proxy voting work, as well as hired one person to focus specifically on quantitative analysis and data linked to sustainability, as well as an analyst to focus on impact measurement. We also hired for a new regional role, "Head of Sustainability & Stewardship, Asia Pacific", based in Hong Kong, in order to enhance our resources in Asia, with lots of work in the region with company engagement.

Impax uses external research and service providers as an input in the ESG analysis of listed investments but has developed a proprietary methodology for analysing and scoring companies on ESG quality and does not rely on external research for ESG scores or ratings in our actively managed listed investments. However, they are used as inputs in some of our systematic strategies. In 2022, the reviews with research providers have mainly centred around the availability of data and the methodologies for the sustainable finance regulatory reporting requirements (e.g, SFDR and EU Green Taxonomy) and the methodologies for some carbon emissions data. In sum, the reviews have been more about ESG data reporting recently, which have been part of the work of Impax's "Beyond Financial Returns" working group. The data provider review led Impax to use Sustainalytics as the primary provider of SFDR-related data and the so called "Principle Adverse Indicators", or PAIs. Additionally, we have an on-going review of external data and research providers for biodiversity.

Both internal and external ESG and stewardship-data is stored in and accessed by the investment teams in Impax's proprietary data and research platform, called the "Portal".

Training

We are in the process of implementing a new training strategy for sustainability and stewardship. The main components are:

- Quarterly educational sessions with the investment team on specific sustainability topics
- Ad hoc training sessions for investment team, for emerging topics, new methodologies
- Ad hoc training sessions for broader firm, for emerging topics, new methodologies
- Impax Business Education Council, set-up to consider the content and formats for induction training and on-going training programs and topics, with group members representing investment, sustainability and finance, as these topics will be emphasised in the training programs.

This is in addition to the Impax Human Resources' existing training and development programs.

The PE/Infrastructure team offers employees in its investee companies training on ESG and sustainability topics and Impax's approach. This team has also received internal training on SFDR and EU Taxonomy in the investment process.

Incentive structures

The incentives of the senior management team and the members of the investment team are aligned to Impax's strategy of investments benefiting from the opportunities arising from the transition to a more sustainable economy as a key goal of Impax's strategy.

All employees at Impax, have "*Business / Functional Performance*" and "*Collaboration & Culture*" categories as part of their annual objectives and compensation. Remuneration for all staff is governed by the Remuneration Committee whose purpose is to ensure that employees are fairly rewarded for their individual contribution to the overall performance of the company and to their investment strategies, while ensuring that the remuneration packages provided do not promote undue risk taking.

All listed investment analysts and portfolio managers have three components to their remuneration: (1) performance; (2) stock/issuer analysis and coverage; and (3) collaboration and culture, including E,D&I. The second component explicitly references high-quality ESG analysis, sustainability-driven idea generation, and effective engagement work with investee companies. In doing so, analysts are measured and incentivized to carry out quality ESG research and integrate it into their investment research and decision-making.

Impax's Sustainability and Stewardship (S&S) team is responsible for overseeing and providing consistency in the ESG-analysis and scoring methodology, coordinating and supporting company engagements and proxy voting, and providing ESG and sustainability thought leadership, both internally and externally. Remuneration for the members of the S&S team is determined by and grouped into:

- (1) Sustainability research, projects & reporting
- (2) ESG-analysis & methodology development
- (3) Stewardship (engagement & voting)
- (4) External work (external collaborations, thought leadership)
- (5) Internal work (team and firm-level collaboration, ED&I)

All S&S team members have these five elements in their performance objectives, but with different weights.

Principle 3:

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Identification of conflicts

The Impax Board of Directors, in conjunction with Legal, Compliance and business unit heads, take responsibility for implementing systems and controls designed to prevent conflicts of interest. These are outlined in our Global Conflicts Register, which is updated as and when a new conflict is identified and reviewed overall on a periodic basis and at least annually, by both the Executive Committee and the Board of Directors.

Impax is an international group of companies and, as such, these controls and the conflicts register take into account any circumstances which may give rise to a conflict of interest as a result of our structure or business activities in all operating jurisdictions.

Types of conflicts

When identifying conflicts of interest, our staff are trained to consider whether Impax:

- Is likely to make a financial gain, or avoid a loss, at the expense of a client (including the funds managed by the Firm and their investors);

- Has an interest in the outcome of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interests of one client or group of clients over another;
- Carries out the same business as the client; or
- Receives or will receive an inducement from a person other than the client in relation to services provided to the client in the form of monetary or non-monetary benefits or services.

Conflict prevention

Where a potential conflict is identified, Impax will seek to organise its business activities in a manner that prevents the crystallisation of the conflict. This will include the appropriate segregation of functions and business lines such that a level of independence may be achieved. To the extent appropriate to the size and scale of the business functions, this may involve:

- Information barriers to prevent or control the exchange of information between members of staff engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients;
- Functional independence and separate supervision of relevant members of staff whose main functions involve carrying out activities or providing services for clients whose interests may conflict, or otherwise represent interests that may conflict;
- A review of remuneration arrangements in the Firm where these might give rise to conflicts of interest in relation to the activities or services provided by the relevant members of staff;
- Reassignment of members of staff to prevent or control the simultaneous or sequential involvement of relevant members of staff in separate services or activities where such involvement may impair the proper management of conflicts of interest; or
- Policies and procedures covering inducements and personal account dealing.

However, it is accepted that, despite the implementation of all appropriate controls to prevent the occurrence, the complete avoidance of all conflicts may not be feasible in a commercial environment.

Outside business interests

Staff members are required to obtain prior approval from Compliance before engaging in any employment outside of their employment with Impax. Staff members are also required to obtain the prior approval of Compliance before taking an interest in any outside business organisation, and in particular before becoming a director, an officer or adviser to a company or any other entity whether or not it is a paid position. Personal interests must not affect the ability of a member of staff to make judgements or decisions in the best interests of Impax and its clients.

Conflict management

Where conflicts are unavoidable, Impax will take appropriate measures to mitigate and manage such conflicts in a manner that seeks to ensure that the Group and its staff are not advantaged, and that no client is adversely affected. Our clients' best interests remain paramount.

Conflict disclosure

Where Impax is not reasonably confident that it is able to manage a particular conflict to adequately protect the interest of a client, the fact of/or sources of conflicts of interest will be clearly disclosed to the client before the Firm undertakes any business. In particular, the disclosure will detail:

- A specific description of the conflicts of interest;
- An explanation of the risks to the client that arise;

- That the organisational and administrative arrangements established by the Firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented; and
- Sufficient detail to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

This disclosure will only be made as a matter of last resort. Further, the fact of the disclosure is not considered to be a mitigant. All the controls detailed in this policy will continue to be applied, in respect of that conflict.

The disclosure will be made via the Terms of Business or periodic reports.

Conflicts training

All staff receive training in respect of conflicts of interest. In addition, all staff are required to give a periodic undertaking confirming their understanding of the Group's compliance requirements, including disclosing any personal conflicts such as their personal trading activities, the receipt of gifts, benefits or entertainment and outside business interests.

Examples of potential conflicts of interest 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 objectives¹. For all other clients, we vote following our voting guidelines, utilising our ESG analysis and knowledge of the companies and the local and regional corporate governance best practices. We have one client who has asked us to confirm our voting intent ahead of AGM, on a few key companies. Many of our clients 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 can at times be in collaboration with our 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, for instance through specific exclusions.
- **Impax's shareholder interests**

Impax is owned by individuals and financial institutions, each having 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.

¹ Clients representing approximately 20% of AUM, have retained their voting rights.

- **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 Equities 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.

No specific or concrete instances of conflict of interest were identified during the year. However, we are mindful that we have a small number of clients who have somewhat more complex or time-consuming requirements for their proxy voting. We have worked on setting-up processes in the Glass Lewis voting platform to ensure that voting time and attention is not unduly directed to any individual clients.

In the 2021 UK Stewardship Code statement, we mentioned the emerging discussions regarding better alignment on voting between asset managers and asset owners, especially in the UK market, with a potential for emerging conflicts of interest in stewardship, in the form of "client-led voting", "split-votes" or "client expressions of wish" in proxy voting. This could potentially lead to reduced influence from voting on the underlying companies, the very tenet of stewardship and active ownership, an important trade-off to consider. But additionally, investors' influence and "expressions of wish" in relation to Impax's voting intentions could also lead to potential conflicts of interest between Impax's clients. We view it as important that Impax votes clients' shares clearly, consistently and transparently, following our publicly disclosed [Proxy Voting Guidelines](#). We note that this topic and debate was less active in 2022, compared to the year before.

Another potential emerging area of external conflicts of interest that we have discussed internally and externally during the reporting period, are the various existing and planned regional sustainable finance regulations. In the EU the SFDR, in the UK the SDR and in the US, the draft regulations by the SEC. We are concerned about the potential lack of inter-operability of these regional regulations and how those could affect our clients differently in different countries, although they may be invested in the same Impax strategy. We have raised these concerns with regulators and in consultations.

Principle 4:

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Impax collaborates with clients, partners and industry organisations to promote the transition to a more sustainable and inclusive economy. Engagement with companies and policy advocacy are important parts of this work. This section will primarily describe Impax's policy advocacy work, while sections 9-11 will describe the engagement efforts.

Impax's approach to policy advocacy

The principal purpose of Impax's policy advocacy is to support policy makers in the creation of enabling environments which will accelerate the transition to a sustainable economy. We are active across a range of channels ranging from traditional reactive approaches - working through industry associations, responding to consultations and participating in issue-specific initiatives and sign-on letters, to more innovative pro-active interventions such as publishing Impax's perspectives and commentaries, funding research, piloting new approaches, partnering with clients, and bilateral discussions with policy makers. The Glasgow Financial Alliance for Net Zero (GFANZ) selected Impax's approach to policy advocacy as a case study for inclusion in their [Recommendations and Guidance on Financial Institution Net-zero Transition Plans](#) published in November 2022.

Impax's global policy advocacy activities are led by Chris Dodwell, Head of Policy & Advocacy, who reports directly to the CEO. We recently expanded our Policy & Advocacy team which now includes four members of staff based in the UK and USA, with additional support from our Asian Sustainability & Stewardship team. In 2022, we established a

new Global Policy Group (which includes our CEO, Chief Strategy Officer and Head of Sustainability & Stewardship) to oversee the delivery of our global advocacy plan.

Advocacy activities during 2022

During 2022, we continued to focus on the priorities for our policy advocacy established in 2021, namely:

- 1) Financing the delivery of net-zero
- 2) Greening the financial system
- 3) Tackling nature and biodiversity loss

We also kicked off activities on the following new topics:

- 4) Scaling up funding for adaptation and climate resilience
- 5) Human capital development, including Equity, Diversity and Inclusion

Our key advocacy activities and outcomes are summarised under each of these headers below.

1) *Financing the delivery of net zero in the real economy*

The core message of this workstream is that national governments need to adopt net-zero goals and ambitious NDCs, underpinned by sectoral pathways and dialogues with investors on detailed policies needed to attract private capital.

- **Energy Transitions Commission (ETC):** The ETC is a global coalition of leaders from across the energy landscape committed to achieving net-zero emissions by mid-century. Impax's CEO, Ian Simm, has been an ETC Commissioner since 2020 and we regularly contribute to the development of their reports tackling different aspects of the transition to net zero. During 2022, we focused our contribution to the ETC's work on their [Financing Net Zero report](#) which was published in March 2023. We welcomed the ETC's conclusion that the critical action to unleash investment at the pace and scale required is for governments to put in place well-designed real economy policies which: establish a clear strategic vision; address the green premium challenge; reduce downside risks; and remove supply-side bottlenecks. The paper is supported by sector policy toolkits on how to scale up investment in buildings, hydrogen, industry, power and transport.
- **Investor Agenda Global Investor Statement to Governments:** Through its involvement in the Institutional Investors Group on Climate Change, Impax contributed to the development of the [2022 Global Investor Statement to Governments on the Climate Crisis](#), which included calls for governments to strengthen their 2030 targets and to implement domestic policies need to achieve these targets (including scaling up low-carbon energy systems, implement carbon pricing and setting deadlines for phasing out coal power and fossil fuel subsidies). At the UN Framework Convention on Climate Change (UNFCCC) COP27 in Sharm El-Sheikh in November 2021, Chris Dodwell was invited to share Impax's perspectives on the role of national policies in attracting private finance with negotiators and policy leaders during the official Private Sector Climate Finance Policy Dialogue.
- **UN Food & Agriculture Organization (FAO) net-zero roadmap:** Ahead of COP26 in Glasgow in November 2021, Impax was a co-signatory to an open letter entitled "Where's the Beef?" coordinated by the FAIRR Foundation which called for parties to the Paris Agreement to explicitly include measures and policies in the Nationally Determined Contributions (NDCs) aimed at reducing emissions from the food and agriculture sectors. During 2022, we supported FAIRR's engagement with the FAO to encourage them to develop a net-zero, nature-positive roadmap for the global food system, along the lines of the IEA's Net-zero Scenario. As a result, we were delighted to take part in a side event at COP27 where the FAO announced their intention to develop such a roadmap in time for COP28 at the end of 2023.
- **Confederation of British Industry (CBI):** Impax has been an active member of the CBI since joining in 2020 and participates in both its Decarbonisation and Sustainable Finance workstreams. During 2022, we contributed to the CBI's responses to the Independent Review of Net Zero led by Chris Skidmore MP and the consultation on the update to the UK's Green Finance Strategy. In September 2022, Impax's CEO, Ian Simm, was appointed as chair of the CBI's Decarbonisation Council, which plays a key role on driving policy creation and engagement with a wide range of external stakeholders. We are following the recent developments at the CBI carefully and are keeping our membership under review.

2) Greening the financial system

The core aim of this workstream is to ensure that climate risks and opportunities are integrated into investment decisions including through effective implementation of the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. In recognition of the importance of encouraging a stronger response from investors and policymakers to address the physical impacts of climate change, we have reported separately on our activities in this area (see section 4 on Scaling up Finance for Climate Adaptation and Resilience below).

- **Transition Plan guidance:** Following the announcement by then Chancellor Rishi Sunak in the UK's Green Finance Roadmap at COP26 that disclosure of transition plans was to become mandatory, we decided to prioritise this as a topic for work in 2022. We were selected to participate in the GFANZ workstream on this topic and contributed to the drafting of its [Financial Institution Net-zero Transition Plans](#) report published in November 2022 (including contributing a case study on our policy advocacy activity). We were particularly pleased to see this work focus on how financial institutions can focus on accelerating the transition in the real economy, rather than achieving 'paper decarbonisation' in the pursuit of net-zero targets. During 2022, we were invited to participate in the work of the Transition Plan Taskforce (TPT) to develop a [Transition Plan Disclosure Framework](#) published in draft in November 2022. Again, we were pleased to see the TPT recommend the adoption of a 'strategic and rounded approach' to transition plans which addresses not only decarbonisation but also how companies are responding to climate-related risks and opportunities and contributing to an economy-wide transition. We are continuing our focus on this theme in 2023 and have been asked by the TPT to co-chair its Asset Manager Working Group which will develop sector specific guidance.
- **UK Climate Financial Risk Forum (CFRF):** During 2022, Impax continued to engage actively with the CFRF, a financial sector forum convened by the FCA and Bank of England. We chaired the Disclosures workstream of the Disclosures, Data and Metrics working group which was tasked with updating the Climate Disclosure Dashboard originally published in 2021 and the updated Dashboard was published in March 2023. We were also active members of the [Transition to Net Zero Working Group](#) which produced a number of reports during 2022 focused on how financial institutions can mobilise investment for climate solutions and can play an part in accelerating the transition in the real economy.
- **UK Financial Regulations:** During 2022, we engaged proactively with regulators on the development of regulation focused on regulation of sustainable finance including the following:
 - **House of Lords Economic Affairs Committee inquiry on investing in energy:** In 2021, the Committee established an inquiry into the steps needed to meet the targets to achieve net zero by 2050 and to decarbonise the power system by 2035. In March 2022, Impax CEO, Ian Simm, gave oral evidence to the inquiry on what actions should be taken to increase investment in energy sources, while ensuring that energy is affordable and reliable, and on whether financial regulation was helping or hindering an orderly transition. The Financial Regulation chapter of the inquiry's report [Investing in energy: price, security, and the transition to net zero](#) referred to Ian's evidence in its conclusions on (a) the importance of TCFD-aligned disclosures to help capital flow towards sustainable investment opportunities and (b) the potential risks involved in the public sector establishing green taxonomies.
 - **UK Sustainable Disclosures Requirements and investment labels:** we submitted a detailed response to the FCA's discussion paper in January 2022 and prepared our response to its consultation paper which was submitted in January 2023.
 - **UK Green Taxonomy:** we provided input into the Green Technical Advisory Group through our membership of working groups established by UKSIF, IIGCC and CBI.
- **US Financial Regulations:** During 2022, we submitted comments on three proposed rules put forward by the Securities and Exchange Commission:
 - **Climate Change disclosure rule:** this rule would oblige companies to report certain information about climate risks, including emissions (Scopes 1, 2, and 3), physical risk, and financial impacts of climate risks. We supported the rule, and suggested a few changes to make it stronger, such as

establishing certain reporting requirements for companies that use offsets. We also met with Chair Gensler and Commissioner Lee to discuss what we wanted to see from this rule prior to the proposed rule announcement.

- **Enhanced Disclosures rule:** this rule would oblige asset managers and investment advisers to classify any fund that incorporated ESG criteria into one of three categories, with different disclosure requirements for the three categories. We supported the general objective of the rule but noted that the categories themselves are not clearly defined, and that many of the additional disclosures were already required by other rules. We met with Commissioner Lee and SEC staff to discuss our comments to this proposed rule, and to the names rule below.
- **Names rule:** this rule would require any fund with an ESG-themed name to assure that 80% of the holdings in the fund were compatible with the definition of the theme as defined by the fund manager and prohibited certain types of marketing for certain types of ESG funds, depending on how they are classified under the enhanced disclosure rule. We commented on the letter, noting that it was somewhat arbitrary for the agency to single out ESG-related funds for additional disclosure or prohibitions on certain types of marketing, and commented that many fund names can be vague or misleading without additional scrutiny by the SEC.
- **International Standards:**
 - **International Sustainability Standards Board (ISSB):** Impax responded to the ISSB consultation in July 2022. The main areas that Impax highlighted were the ISSB definition of materiality to encompass double materiality, highlighting the short-comings if the focus is mainly on corporate enterprise value at risk in sustainability reporting, as well as an increased focus on location-specific reporting, a critical perspective for risks such as physical climate risks and biodiversity, location-specific issues. We were therefore pleased with the recent statement of the ISSB that it intends to remove the term 'enterprise value' from its standards and use the same definition of materiality as the IFRS Accounting Standards, which is generally accepted to accommodate 'double materiality'.

3) Tackling biodiversity and nature loss

We believe that the financial sector can play a critical role in addressing environmental degradation by both influencing companies to stop depleting natural resources and by deploying capital into nature-based solutions. During 2022, our advocacy activities in this area focused on the following:

- **Finance Sector Deforestation Action (FSDA):** Impax became a founder member of FSDA at its launch at COP26. Signatories to the FSDA have committed to best efforts to eliminate forest-risk agricultural commodity-driven deforestation activities at companies in our investment portfolios through individual and collective action to assess exposure to deforestation risk, establish investment policies addressing those risks, deepen engagement with highest risks holdings and engage on public policy necessary to avoid risks and impacts of deforestation. As part of our implementation of our commitments under FSDA during 2022, Impax developed and published our [Impax Policy on Nature, Biodiversity, and Deforestation](#), worked with other signatories to engage priority companies and joined the Investor Policy Dialogue on Deforestation consumer countries workstream. In addition, during 2022 Julie Gorte, Impax's Senior Vice President for Sustainable Investing, joined the FSDA Investor Strategic Working Group which determines its strategic direction.
- **Natural Capital Investment Alliance (NCIA):** At COP26 in November 2021, Impax joined the NCIA which had been created earlier that year by HRH The Prince of Wales through his Sustainable Markets Initiative. Impax's objective in joining the NCIA was to mobilise investment in nature-based solutions, to accelerate the development of nature-related metrics and to encourage effective investor engagement in international and national policy to counter biodiversity loss. During 2022, Chris Dodwell, Impax's Head of Policy and Advocacy, acted as co-chair of the NCIA's Policy, Industry and Government Liaison workstream, helping to develop a map of the policy landscape relating to natural capital which informed the NCIA's position for the UN Convention on Biological Diversity's COP15 held in Montreal in late 2022. We also participated in the NCIA's Metrics and Disclosures workstream and spoke at the Natural Capital Investment Summit organised by NCIA in October 2022 at Kew Gardens.

- **Business for Nature (BfN):** Building on discussions during 2021, Impax supported Business for Nature in the development its position on the priorities for the UN Convention on Biological Diversity's COP15, including adopting a clear and simple mission to halt and reverse biodiversity loss by 2030, making corporate assessment and disclosure of impacts and dependencies on nature mandatory and strengthening specific targets on the reform of environmental harmful subsidies. Impax became an early signatory to Business for Nature's [Make it Mandatory](#) campaign which was launched ahead of COP15. We were therefore very pleased that the Global Biodiversity Framework agreed at COP15 in December 2022 addressed all the priorities identified by Business for Nature and look forward to working on the Framework's implementation.
- **Taskforce on Nature-related Financial Disclosures (TNFD):** Throughout 2022, Impax continued to contribute to the work of the TNFD Forum including speaking at the launch of the TNFD Consultation Group of the UK convened by the Green Finance Institute (GFI). We are currently pilot testing the beta version of the TNFD Framework and have been asked by GFI to host an asset manager roundtable to exchange views on the Framework and inform consultation responses on its recommendations.
- **Imperial College case studies on Biodiversity Investing:** In recognition of the scale of underfunding in nature conservation and specifically the lack of private sector investment, in summer 2022 Impax decided to provide financial support to a research project by Imperial College to identify the drivers for corporate investment into voluntary biodiversity actions and whether/how such actions could be scaled up. The project was completed in early 2023 and its results will be published shortly.

4) *Scaling up finance for climate resilience and adaptation*

In recognition of the need to increase action to manage the physical impacts of climate change, we have decided to report separately on our activities to engage policymakers and investors on this area. Key activities undertaken in 2022 included:

- **Climate Resilience Investment Framework:** During 2022, Impax was a member of the IIGCC's Adaptation & Resilience Working Group whose work was focused on how to develop a framework under the Paris Aligned Investment Initiative to encourage investors to pursue the goal of climate resilience alongside their net-zero commitments. The principal output of the group was the publication of the discussion paper [Working towards a Climate Resilience Investment Framework](#) launched at New York Climate Week in September 2022. The paper identified the key options available to address physical risks at the asset, portfolio and systemic level including integration of physical risks and opportunities into the investment process; engagement and stewardship; investment in adaptation solutions; and policy advocacy. Impax was invited to present its views on the Framework at UNFCCC COP27 in Sharm El-Sheikh during the Financing Resilience Implementation Lab convened by the Marrakech Partnership for Global Climate Action. We were pleased to see aspects of this work reflected in the [Sharm El-Sheikh Adaptation Agenda](#) launched at COP28 including the call for 2,000 of the world's largest companies to develop actionable adaptation plans.
- **Coalition for Climate Resilient Investment (CCRI):** Impax has been a member of the CCRI since its launch in 2019. The CCRI's mission is to mobilise the global private financial industry to develop and test practical solutions for the effective integration of physical climate risks in investment decision-making. During 2022, Impax was part of the Asset Design and Structure working group under the CCRI umbrella, which published its [Physical Climate Risk Assessment Model \(PCRAM\)](#) report in 2022. Impax gave feedback and helped shape the discussion and roadmap for progress on this project, which has created a strong basis for further development and incorporation of PCR in cash flow modelling, with a focus on infrastructure-related projects.
- **Physical Climate Risk Project with Oxford University:** Impax continues to develop and improve its own approaches to managing physical climate risks through engagement with academia, companies and other investors. During 2022, we initiated a project with the UK Centre for Greening Finance and Investment (CGFI) at the University of Oxford as a step towards developing a consistent methodology for translating future climate changes into quantitative inputs for financial models. The project entailed an assessment of the exposure of 88 assets that belong to four companies (two semiconductor manufacturing companies and two data centre operators) to four separate climate hazards – tropical cyclones, river floods, coastal floods and

heatwaves – in the Asia-Pacific (APAC) region. We are keen to share the results of this collaboration with stakeholders - CGFI shared the initial results in late 2022 (see [Climate-related financial disclosure by asset owners and asset managers](#)) and we published a more detailed article on insights from the project in April 2023 (see [Pricing physical climate risk – two sectors in the spotlight](#)).

5) Human capital development (including Equity, Diversity and Inclusion)

Impax continues to explore opportunities to use investor influence to push for positive social change, including ensuring that social issues are taken into consideration in the design of net-zero policies adopted by governments and corporates.

- **Financing a Just Transition Alliance (FJTA):** Impax has been a member of the FJTA which is coordinated by the Grantham Research Institute on Climate Change and Environment since its launch in 2018. During 2022, we participated via roundtables and written inputs in the development of the report [Making Transition Plans Just](#) published in October 2022 which provided guidance to financial institutions on how they can incorporate the social dimension of climate action within their net-zero transition plan. The Transition Plan Taskforce subsequently included a reference to the report in its November 2022 Implementation Guidance and announced in February 2023 that it was launching a Just Transition working group to consider interdependencies with social impacts in more detail.
- **Board diversity, Japan:** Impax has been engaging with Japanese companies regarding gender diversity on Japanese company boards for many years. In the reporting period, Impax signed an Asian Corporate Governance Association (ACGA) coordinated gender diversity letter to the Japanese Financial Standards Authority (FSA) and the Tokyo Stock Exchange (TSE) to promote improved female representation on Japanese company boards. The letter was later submitted by the FSA to the Japanese State Council. In April 2023, the Japanese prime minister announced that the boards of all companies listed on the TSE Prime market (around 1,800 of the largest companies in Japan) should have 30% female directors by 2030, a major step forward.

Partnering with our clients to promote sustainability in the financial system

We seek to collaborate with our investors on sustainability topics, research, and stewardship work. In the autumn of 2018, the Swedish public pension fund Sjunde AP-fonden, “AP7” and Impax, partnered to investigate how best to assess, measure and report on water impact. The project entailed research of existing water impact reporting frameworks, engagement with standard-setters, water companies and water experts. In the summer of 2021, Impax and AP7 published the joint-report [“Water: from a systemic and unpriced risk to a measurable opportunity with positive impact”](#). The project and report have generated several blogs and articles on the topic of water impact, which we believe is over-looked by the investment community and companies, while water will be the main manifestation of climate change. The most recent [article](#) is about the linkage of water pollution and biodiversity loss and what types of water solutions can be deployed to avoid further water pollution and provide water treatment solutions.

Several of Impax’s senior staff have leadership roles or serve on the boards of organisations with an objective to promote the transition to a more sustainable and inclusive economy.

- Ian Simm (Founder & Chief Executive) – board member of Institutional Investors Group on Climate Change (IIGCC); board member UK Government Net Zero Innovation Board; a commissioner with the Energy Transitions Commission; chair of Confederation of British Industry (CBI) Decarbonisation Council; member of the International Energy Agency (IEA) Finance Industry Advisory Board
- Cath Bremner (Chief Strategy & Operations Officer) – Senior Associate for the Public and Third Sector Academy for Sustainable Finance at the University of Oxford, member of the Advisory Board for the University of Chicago’s Market Shaping Accelerator

- Charlie Donovan (Senior Economic Advisor) - Visiting Professor of Sustainable Finance at the Foster School of Business at the University of Washington; academic co-chair of the Coalition for Climate Resilient Investment
- Chris Dodwell (Head of Policy & Advocacy) – committee member of UK Sustainable Investment and Finance Association (UKSIF) Policy Committee and IIGCC Policy Advisory Group; co-chair Transition Plan Taskforce asset manager working group and Natural Capital Investment Alliance policy working group; lead author of Climate Financial Risk Forum’s Climate Disclosures Dashboard; steering group member UK Climate Finance Accelerator; Climate Change Commissioner, London Borough of Hammersmith & Fulham
- Darren Johnson, (Global Chief Operating Officer) – board member at St Mungo’s, investment advisory board of Comic Relief, co-founder of TalkAboutBlack, CIC board of the Diversity Project, standing committee for Investment 20/20, providing school leavers and graduates from non-traditional backgrounds with opportunities in asset management
- Julie Gorte, Ph.D. (SVP for Sustainable Investing) – board member of the Endangered Species Coalition, E4theFuture, Clean Production Action and the Forum for Sustainable and Responsible Investment (US SIF); board chair of the Sustainable Investments Institute
- Leah Wood (Global Head of Marketing & Client Experience) – member of Ceres President’s Council
- Lisa Beauvilain (Global Head of Sustainability & Stewardship) – Member of the Nominations Board, Kemira Oyj; member of the Financial Institution Transition Plans workstream, Glasgow Financial Alliance for Net Zero (GFANZ); Member of the Technical Reference Group, International Sustainability Standards Board, (ISSB); Member of the Steering Committee, Diversity Project
- Nana Li (Head of Sustainability & Stewardship, Asia Pacific) – member of the Financial Capital Committee at the International Corporate Governance Network (ICGN), member of the ESG Committee at Women in Finance Asia (WiFA), member of the Caixin China ESG30 Forum, chair of the China Working Group at Asian Corporate Governance Association (ACGA)
- Steve Falci (Head of Systematic & Multi-Asset Strategies) – serves on the board of the Investment Committee for Mercy Investment Services

Principle 5:

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Stewardship approach

Impax is a fundamentally driven, active shareholder with a long-term investment horizon. Our objective is to build long-term relationships with our listed investee companies. The Impax listed companies and issuers investment process is focused on a comprehensive understanding of the character and quality of our companies, including material environmental, social and governance (ESG) issues as well as areas of potential improvement. We believe it is in the interest of our investors that we engage with our investee companies to minimise risks, protect and enhance shareholder value, promote greater transparency on ESG issues, and encourage companies and issuers to develop and become more resilient over time.

Our listed equities stewardship work can be divided into the following types:

1. Bottom-up company specific monitoring and dialogue

As part of our on-going, proprietary company and issuer-level ESG analysis, we identify company-specific ESG matters and risks and actively engage with companies and issuers regarding these matters, as part of monitoring and managing risks. We prioritise engagement for investee companies, where we have identified more significant risk issues and have larger positions. In addition to risk management, bottom-up company specific engagement is also intended to enhance company value and improve the structures, processes and disclosures of investee companies. We assess regularly the progress of company-specific engagements and determine the next priorities

in our engagement work. We also gather all engagement data for reporting purposes, each quarter. The lead analysts for the investee companies are responsible for this type of company engagement.

2. Top-down thematic engagements

Every year we assess and outline the thematic 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. Where possible, we use specific performance data related to the thematic engagement topics, as well as the overall ownership in the companies, as parameters for prioritising companies for thematic engagements. The lead analysts for the investee companies are part of this type of company engagements, but it is driven and coordinated by the Impax Sustainability & Stewardship team, with a lead and working group for each engagement topic, e.g. climate, biodiversity, human capital/E,D&I and corporate governance, the 2023 top-down engagement themes. Within these major themes, there are more detailed and specific themes, such as physical climate risks and employee health-wellness.

3. Proxy voting

Our proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration, but also for expressing our views on company management of diversity, material sustainability issues and climate, through the vote of management and shareholder resolutions, as well as through the filing or co-filing of shareholder resolutions. When practicable, we seek to engage with the investee company before voting against management's recommendation on a 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. We 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. We use a third-party voting platform (by Glass Lewis) and assess the voting proxy advisor's recommendations but follow the [Impax Proxy Voting Guidelines](#) in our voting decisions. In executing our votes, we always use a peer review process, where one team member is instructing votes and another one verifies them and executes the votes.

We regularly assess the effectiveness of our listed investments' stewardship work and report on engagements and proxy voting to the Investment Committee and through recently established internal KPIs, as per the "Impax2025" 3-year business implementation plan for Impax. Where engagement is not progressing, we will use our escalation processes, further described in Principle 11.

Stewardship reporting

Impax keeps in-house records of all stewardship activities. All company engagements are recorded in Impax's proprietary data and research platform, "Portal", including dates, issues engaged and discussed, name and title of the investee company representatives, as well as the means of communication with companies, outcomes and next steps. All voting activity is also recorded and archived.

We report on engagement and voting activity to segregated accounts typically either quarterly or semi-annually, the format and detail of reporting is based on the preferences of investors. For our pooled funds we publish an annual *Engagement Report* on the Impax website, which includes reporting of engagements, proxy voting and policy advocacy.

We seek to follow best practice when it comes to stewardship reporting and seek feedback from our clients and stakeholders on the format of stewardship reporting they find most useful. In general, we seek to focus on the following in stewardship reporting:

- The roles and responsibilities of stewardship activities
- Setting objectives, especially relating to company engagements
- Stewardship outcomes, rather than merely reporting the statistics of stewardship activities
- Identifying which positive stewardship outcomes were specifically driven by Impax's stewardship efforts
- Providing stewardship examples, which demonstrate all these elements

In recent years, we have enhanced our stewardship reporting to include those aspects. In particular, we pay attention to and try to specify where Impax was driving the change in companies, through our engagement efforts. This is not always easy to distinguish, but we try to get a sense of this from the investee companies.

We publicly report on proxy voting on a quarterly and annual basis². We have extended proxy vote reporting to all “significant votes”, with an explanation of the votes cast against or abstain, to reflect the EU Shareholder Rights Directive II reporting requirements. We receive an increasing number of especially UK client requests for regular reporting on “significant votes”, following the Pensions and Lifetime Savings Association (PLSA) vote reporting template³. This helps investors gather voting data and outcomes in a consistent and comparable format.

Since 2015 Impax has also been annually measuring and reporting on the positive environmental outcomes and impact generated by our investee companies through their products and services⁴. The impact measurement, including the methodologies, data and calculations are externally assured, following the ISAE 3000 limited assurance standard.

Reporting on sustainability, impact and stewardship is becoming increasingly important. The significant increase in sustainable finance reporting requirements, both regulatory, as well as voluntary, have led to the establishment of a firmwide working group, the “*Beyond Financial Returns Group*”. It consists of representatives from compliance, legal, client services, marketing, technology and data architecture, as well as the sustainability team, to coordinate the ESG, sustainability and stewardship-related reporting work at Impax.

Impax firmwide policies

Impax’ policies are reviewed and periodically updated and are maintained in a centralized repository available to all staff. The policy library is maintained by the global compliance team, with the assistance of members of the administration staff, and assigned to owners throughout the business, as applicable. All Impax policies follow a standard format and review process.

There is a *Sustainability Policy Committee (SPC)*, whose role is to oversee, review and where applicable approve Impax’s listed investment ESG, sustainability and stewardship-related policies and positions. Its members include representatives from the investment, sustainability, product and legal teams. It convenes as required and has established a Terms of Reference. The committee reports significant policy developments to the Investment Committee.

Impax’s stewardship related policies are periodically reviewed by Impax’s compliance team.

Impax’s stewardship policy documents and outcome reports

Global listed equities and fixed income ESG, engagement and proxy voting policies:

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

ESG policy:

https://impaxam.com/wp-content/uploads/2022/05/Impax_ESG_Policy_2022.pdf?pwd=6950

Proxy voting policy:

<https://impaxam.com/assets/pdfs/general-documents/2023-impax-funds-proxy-voting-policy.pdf?pwd=9878>

Engagement policy:

<https://impaxam.com/assets/pdfs/general-documents/2023-impax-funds-engagement-policy.pdf?pwd=8339>

Private markets ESG policy:

<https://impaxam.com/products/private-markets/>

Impax Proxy Voting Guidelines:

https://impaxam.com/assets/pdfs/proxy-voting/proxy_voting_guidelines.pdf?pwd=9948

Proxy voting activities and outcomes reporting:

Proxy Voting Activity - Significant Votes 2022:

<https://impaxam.com/assets/pdfs/proxy-voting/proxy-voting%20activity-significant-votes-2022.pdf?pwd=716>

<https://impaxam.com/pax-world-funds/proxy-voting/>

² <https://impaxam.com/investment-philosophy/environmental-social-and-governance-risk-management/>

³ <https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2020/IS-Asset-Managers-Template.pdf>

⁴ <https://impaxam.com/investment-philosophy/impact-reporting/>

Engagement activities and outcome reporting 2022:

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

<https://impaxam.com/insights-and-news/blog/engagement-and-policy-advocacy-report-2022/>

Impact reporting

Impact @ Impax 2022:

<https://impaxam.com/assets/pdfs/sustainability/impax-impact-report-2022.pdf?pwd=6073>

Internal audit of ESG and sustainability processes

In Q3 2022, the Impax ESG and sustainability processes were reviewed by Impax’s Internal Audit, a service which is currently outsourced by the Impax Group to a third party, Grant Thornton. The scope of the internal audit focused on the governance and oversight of processes linked to Impax’s ESG analysis and sustainability functions. The Audit Report noted a rating of “satisfactory”, meaning “*the internal controls within the area under review adequately mitigate the key risks to the organisation, or where control weaknesses have been identified these only relate to minor risks to the organisation*”. The audit report included positive comments on the ESG analysis processes on the Impax’s proprietary platform “Portal”. Immaterial improvement points were noted under 3 headings, all of which are currently in train: Governance (validating and streamlining the ESG and sustainability governance framework so that the roles and responsibilities of relevant committees and working groups are clear); Risk management (continuing to incorporate ESG and sustainability into the Impax enterprise risk management framework); and Training on ESG and sustainability (a training strategy has been developed, complemented by the broader “Impax Business Education Council” working group and processes).

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

Principle 6:

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

Impax is one of the largest and longest established investors dedicated to investing in the transition to a more sustainable economy, and we manage assets for some of the world’s largest investors.

Impax provides investment management and advisory services to a range of client types. This includes Impax’s own brand funds (UCITs, UK Investment Company and LPs), sub advised third party funds distributed by partners as well as managing segregated accounts for institutional clients such as pension funds, endowments and sovereign wealth funds.

Client Type	£	% AUM
Separate Accounts	£4,665,999,204	12%
Pooled Vehicles	£35,449,350,068 ⁵	98%
Total	£40,115,349,272	100%

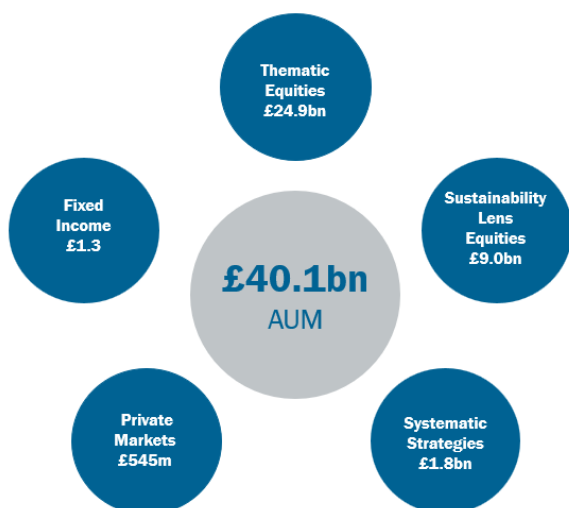
Impax’s client base is dominated by EMEA, North America and UK/Ireland which mirrors the location of the investment research and distribution teams in London, Dublin and the United States. However, it should be noted that sub-advised pooled funds contracted via Luxembourg are also distributed within the Asia-Pacific region via partnerships. In March 2023 Impax announced the opening of a Tokyo Office, following Impax’s selection by the Tokyo Metropolitan Government’s to receive a Green Finance Subsidy Program for Tokyo Market Entry. The opening of Impax’s new office follows the recent award of a significant mandate for a major government pension fund.

⁵ Investment Vehicles includes Commingled Accounts, Pooled Funds, Private Market Vehicles

Client Domicile ⁶	No. accounts	% AUM
UK/Ireland	15	26%
EMEA	22	45%
Asia Pacific	10	4%
North America	41	25%
Total	89	100%

Clients are invested in listed equities (active), listed equities (systematic), fixed income strategies and private markets. The thematic equity strategies are the largest group and are based on the Impax Environmental Markets Taxonomy which was launched in 2002. This product group invests in companies delivering environmental products and services and offer clients the opportunity to allocate to positive environmental solutions. The second largest group of strategies are the Global Opportunities and US equity strategies which deploy the Impax Sustainability Lens which applies Impax's belief in the Transition to a more Sustainable Economy to the broader listed equities market. This enables clients to access core equity strategies in line with their sustainability preferences in core equity portfolios as well as satellite allocations.

Impax's AUM per type of strategies and asset classes ⁷:



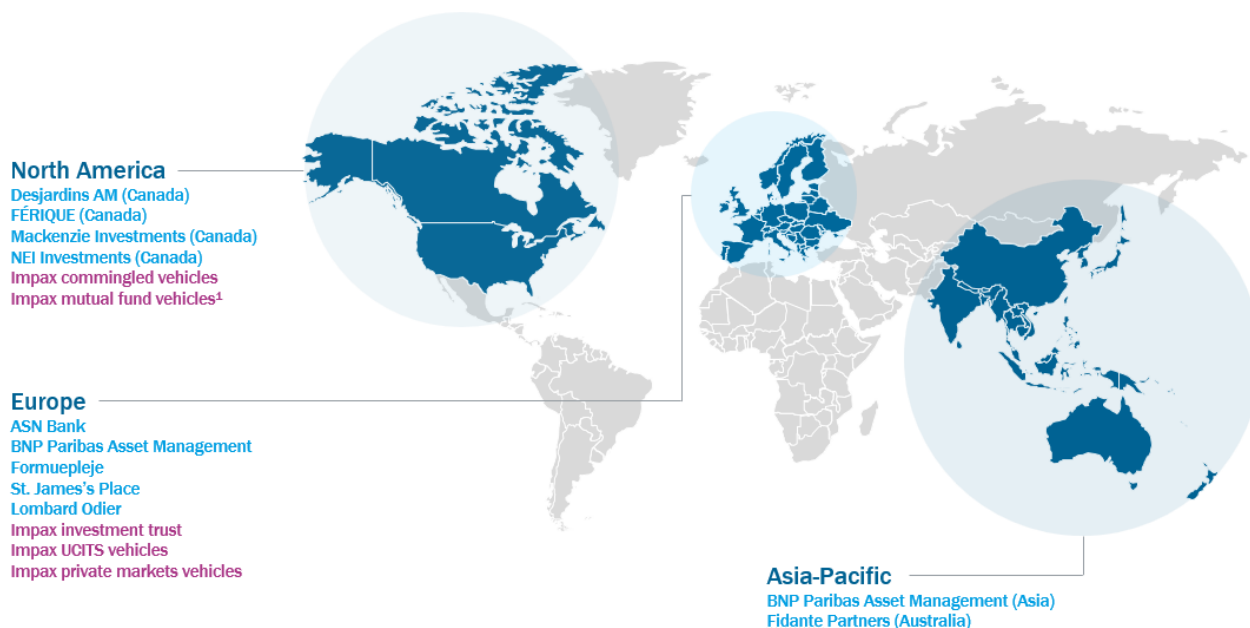
Active listed equities, the Thematic and Sustainability Lens equities, represent the majority of Impax's AUM, c. 85%. These strategies are invested in companies globally, with a primary focus on North America, Europe and Asia. Investors in these strategies are predominantly institutional, based in North America, Europe and Asia Pacific. The systematic strategies and fixed income are invested globally in companies and issuers, with investors primarily intermediaries, based in the North America. Finally, the Private Markets investments are renewable energy infrastructure investments primarily in Europe, with a predominantly European institutional investor base.

Impax's distribution model

Impax has a small distribution team focused on professional investors in our home markets. Outside of these regions we have developed a partnership model for those looking to subcontract environmental and sustainability expertise within their own broader product range.

⁶ As at 31 March 2023

⁷ As at 31 March 2023



Distribution partners. Impax branded.

Products mentioned on this slide are distribution vehicles made up of different fund offerings. Not all vehicles are available in all regions.

⁴Impax Funds are distributed by Foreside Financial Services, LLC. Foreside Financial Services, LLC is not affiliated with Impax Asset Management LLC.

Client Experience

At Impax we are all stewards of our clients' capital, and that mind set is front and center as we plan for the future.

Given the significant growth of the firm in recent years a dedicated Global Client Experience team was created last year to supplement regional client relationship management which will enable us to further enhance our reporting and bespoke offerings to clients.

The Client Experience team is conducting Impax's first Global Client Survey in 2023 in order to review alignment with clients' needs, measure overall client satisfaction and identify areas where the client experience can be enhanced.

Client service

We are committed to outstanding levels of client service with comprehensive and transparent reporting. Impax has a dedicated Client Service team to ensure that clients receive relevant investment information in a timely manner. This team is supported by Impax's broader Marketing, Portfolio Services, Compliance and Accounts teams to provide day-to-day support and regular qualitative and quantitative reporting. Our client teams build long-term relationships, and a deep understanding of our clients' needs and expectations.

In the UK, Dublin and the US, we have specialist teams focused on servicing our institutional and intermediary clients.

Client reporting

- Clients typically receive monthly updates on the performance and characteristics of their portfolio. On a quarterly basis, a more detailed Quarterly Investment Report is provided which includes a firm update, portfolio manager commentary, policy and advocacy news and additional portfolio metrics. Clients also have access to Impax's impact, engagement and ESG reports, topical white papers, newsletters and blogs, providing further insight into the Impax's investment thesis and areas of research.
- On an annual basis, clients will receive a Beyond Financial Returns report which provides a comprehensive overview of the Stewardship, Sustainability and Impact outcomes for their portfolio. (See details below in the Positive Impact Reporting section).

- We report engagement and voting activity to segregated accounts typically either quarterly or semi-annually, depending on their needs. Impax publishes an [annual engagement](#) report setting out the strategic initiatives of focus for the year as well as outcomes. Since 2020 this report has included updates on our policy advocacy programme which has focused on climate and biodiversity with the environmental space and equality of pay within the social space. We also publish the proxy voting outcomes for pooled funds [on our website](#).
- We seek feedback from our clients and stakeholders regarding the format of stewardship reporting they find most useful. Feedback we have received is to seek to specify where investee companies' improvements following engagement, were specifically driven by Impax and not driven by other shareholders' engagement or happening anyway. In recent years, we have enhanced our engagement reporting to include this aspect.

Collaborating with clients on Stewardship and Advocacy

In collaboration with our sustainability and ESG teams our client service professionals work with clients to ensure their areas of interest or concern in relation to stewardship activities are understood and incorporated into the firm's broader strategy.

For example:

- Impax collaborated with AP7 in a 3-year program to explore the reasons for immaturity in water impact reporting. This led to the publication of [a report](#) recommending moving to common water impact indicators so that the effect companies have on water could be compared and aggregated across different investments and assessed at portfolio level. Engagement with industry and reporting bodies is ongoing towards improving this area of impact reporting. As a continuation of this partnership Lisa Beauvilain and Johan Floren of AP7 published an [article](#) which further explain how they believe the emerging global sustainability reporting standards could correct the systemic underestimation of water risks and impacts.

Impact reporting

The intention of many of our clients when investing in our thematic equity strategies is to support environmental improvement as well as benefit from the investment thesis of the funds. Since 2015 Impax has therefore been annually measuring and reporting on the positive environmental outcomes and impact generated by our investee companies through their products and services. The impact measurement, including the methodologies, data and calculations are externally assured.

As well as the published [Impact@Impax](#) report, clients also receive a bespoke Beyond Financial Returns (BFR) report related to their particular portfolio / Fund. The BFR report enables more detailed discussions on the drivers of changes in impact metrics over the past year to enable deeper understanding of activities undertaken by investee companies towards GHG avoidance, water saved/treated/reused, waste recovered/recycled and renewable energy generated.

Many clients use UN Sustainable Development Goal alignment as a proxy for positive impact. Impax has therefore mapped active equity strategies to this third-party framework to enable clients to review their portfolio / fund(s)/ within their broader portfolio of funds and investments.

Impax's engagement and voting activity has recently been included in the BFR report to provide a more comprehensive view on Sustainability and Stewardship outcomes for clients. The report also provides an outlook on Impax's Policy Advocacy focus areas. This key aspect of stakeholder engagement enables Impax's voice to be heard with global public policymakers in support of the development and creation of policy which will accelerate the transition to a sustainable economy.

Policy and Advocacy reporting

As specialist investors in the transition to a sustainable economy, making our voices heard with policymakers has been an important part of Impax's work for decades. We believe it is crucial for investors to participate more closely in public policy design in order to accelerate this transition, including by reducing emissions and protecting natural resources. Our team is regularly consulted on the design and implementation of public policy. We strive to influence policy outcomes that support the growth of markets in solutions to environmental and social challenges. Through such advocacy, we can both maximize the effectiveness of policies and identify future investment opportunities. Our [2022 Engagement and Policy Advocacy report](#) outlines Impax's global policy advocacy activities and the impact of our work.

In addition to the above, Impax works collaboratively with our peers to support the expansion of sustainable finance, our current memberships are listed [here](#).

Principle 7:

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

All of Impax's assets under management across all asset classes and geographies have ESG analysis and stewardship as an important part of the investment process. This section will describe what ESG and stewardship entails for the various asset classes.

Impax has c. 80 investment team members globally, of which 16 are specialised in sustainability research, ESG analysis, stewardship and policy advocacy. For listed equities and fixed income and private markets, company-level ESG analysis and engagement are integrated in the investment process and team.

At Impax, the lead investment analysts are responsible for the financial and ESG analysis, as well as the related engagements of the investee companies under their coverage, for the active listed investments. The Sustainability & Stewardship team is responsible for the oversight and providing peer-reviewing and scoring of the ESG analysis, coordination of focus areas of engagement and continuous further development of the ESG, sustainability and stewardship approaches and methodologies.

Impax uses external research and service providers as an input in the ESG analysis of listed investments but has developed a proprietary methodology for analysing and scoring companies on ESG quality and does not rely on external research for ESG scores or ratings in our actively managed listed investments. However, they are used as inputs in some of our systematic strategies. In 2022, the reviews with research providers have mainly centred around the availability of data and the methodologies for the sustainable finance regulatory reporting requirements (e.g, SFDR and EU Green Taxonomy) and the methodologies for some carbon emissions data. In sum, the reviews have been more about ESG data reporting recently, which have been part of the work of Impax's "Beyond Financial Returns" working group. The data provider review led Impax to use Sustainalytics as the primary provider of SFDR-related data and the so called "Principle Adverse Indicators", or PAIs. Additionally, we have an on-going review of external data and research providers for biodiversity.

As described in Principle 2, there is an on-going exchange of ESG-related information to the investment team relating to ESG or stewardship developments. There are standing agenda items for ESG-analysis, engagement and policy developments at the investment team meetings and the Investment Committee meetings. In addition, there is a training strategy established, including regular training sessions as well as ad hoc ones with the investment team and the broader firm, when new methodologies or approaches are being introduced.

In 2022, the new areas of work, for which training sessions were provided, were an enhanced, proprietary ESG-analysis methodology, "ESG2.0", as well as [Impax's Net Zero Asset Manager's target](#), which was set in November 2022. Additionally, in 2022, a new formal training working group, the *Impax Business Education Council*, was set-up, to consider the content and formats for induction and on-going training programs and topics, with group members representing investment, sustainability and finance, as these topics will be emphasised in the training program. This is in addition to the Impax Human Resources' existing training and development programs.

Overview of Impax's sustainable investment approach for listed investments, the three steps:



1. Prioritising markets for investments

All Impax's investments and strategies are aligned to the transition to a more sustainable global economy. Activities with lower sustainability risks and higher opportunities are set to benefit from a transition to a more sustainable, low-carbon economy and are well positioned for the long-term. The Sustainability Lens is Impax's proprietary tool to identify the areas and activities of investment risk in the short and longer term and also to identify investment opportunities created by unmet societal needs. Impax prioritises activities and sub-sectors that have higher opportunities and lower risks, for our "Sustainability Lens" based strategies, which are strategies with broader, more unconstrained sector exposure.

In the reporting period, in 2022, specific topics analysed through the Lens, in addition to the quarterly *Sector Expert Reviews* of the main GICS "super-sectors" on a rotational basis, the Impax Lens Committee also reviewed consumer spending and what sustainability and the transition means in that part of the economy, what access to finance means in developed markets and a review of labour constraints across the economy following the pandemic, inflation, the war in Ukraine and intensified geopolitical tensions. Upcoming reviews include an assessment of the advances of artificial intelligence and a review of the evolving risks and opportunities and sustainability in the industrial and materials sectors. Small working groups will present their findings to the Impax Lens Committee (ILC) and the committee, led by the Impax's Sector Experts and "Lens Scoring Committee", will propose potential changes to Lens scores that the ILC can approve.

Impax has a number of thematic environmental investment strategies, based on the "Impax Environmental Markets Taxonomy" or universe. These strategies represent c. two-thirds of Impax's assets under management. Impax has been investing in the environmental markets for more than 20 years.

Impax Environmental Markets, comprising:

- Energy (renewable energy, energy efficiency)
- Clean and efficient transport (pollution reduction, public transport)
- Sustainable food (logistics, safety, packaging)
- Water (infrastructure, treatment, efficiency, utilities)
- Circular economy (waste management, recycling)
- Smart environment (digital infrastructure, testing)

Energy

Alternative Energy <ul style="list-style-type: none"> • Developers & independent power producers • Biofuels • Hydrogen • Solar • Wind 	Energy Management & Efficiency <ul style="list-style-type: none"> • Smart grids • Industrial, consumer & buildings efficiency • Power storage & uninterruptible power supply • Lighting
---	--

Clean and efficient transport

Transport Solutions <ul style="list-style-type: none"> • Advanced aviation • Advanced shipping • Railways • E-bikes & bicycles • Buses & coaches • Road vehicles & devices • Pollution reduction • Shared mobility

Sustainable food

Sustainable Food & Agriculture <ul style="list-style-type: none"> • Organic & alternative • Technology & logistics • Safety & packaging • Agri- & Aquaculture • Forestry
--

Water

Water Infrastructure & Technologies <ul style="list-style-type: none"> • Distribution & infrastructure • Treatment • Efficiency • Utilities
--

Circular economy

Resource Efficiency & Waste Management <ul style="list-style-type: none"> • General & hazardous waste management • Recycled, recyclable products & biomaterials • Resource circularity & efficiency • Technologies

Smart environment

Digital Infrastructure <ul style="list-style-type: none"> • R&D & consultancies • Finance & investment • Testing & monitoring • Pollution control • Environmental resources 	Environmental Services & Resources <ul style="list-style-type: none"> • Efficient IT • Cloud computing • Digital collaboration solutions
---	--

As part of our investment process, we develop and maintain a large database of our entire environmental thematic investment universe, *Impax Environmental Markets*, currently c. 2,500 companies. The companies in the universe must have at least 20% or 50% of revenue (or other business activity indicator) from these six categories of environmental solutions, in order to be included in the universe. We review and update the percentage of revenue derived from the environmental or climate solutions and activities for each company on an annual basis. This process ensures that our investee companies are and continue to be part of the economy and sectors providing environmental and climate solutions and to further develop and expand our environmental investment universe.

In 2022, the Impax Environmental Markets classification was expanded from four to six areas, as described above, to include the “Clean and efficient transport” and “Smart environment” as stand-alone categories, to reflect the rapidly evolving transition and electrification of the transport sector and the importance of digital infrastructure and solutions for the environmental markets.

2. Fundamental ESG analysis at the company level

After having identified and prioritised markets and activities for review, either within broader sustainable markets or thematic environmental markets, the next step is fundamental analysis at the company level, including ESG analysis. It is an integral part of the Impax investment process. The analysis enables a deeper and broader understanding of our companies, their corporate structures, oversight mechanisms, risk management capabilities, processes and transparency. We seek to understand the character of the companies through our proprietary ESG methodology. The insights from the ESG analysis are then utilised to establish the priorities for engagement with our companies.

In 2022, we concluded an update and enhancement to Impax’s proprietary ESG-analysis. The main change was linked to separating out “Climate” and “Human capital & E,D&I” into stand-alone pillars, reflecting the importance and systematic nature of these pillars for the analysis of all companies.

Integrating ESG analysis into the investment process – across asset classes and strategies

Actively managed listed equities and fixed income: All companies and other issuers 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.

Screening. We seek to avoid companies involved in significant controversies that violate global norms related to human rights, labour rights, the environment and corruption. We source information about company involvement in these controversies from external ESG research providers, through a UN Global Compact screen. We have a policy

and process in place to identify cases of modern slavery⁸. If we determine a company is the subject of significant normative controversies, it will likely be excluded from investment. We periodically reassess company involvement in ESG and normative controversies. We also seek to review our companies for compliance with international sanctions, as applicable.

ESG analysis. We conduct a detailed, proprietary ESG analysis of new companies and issuers considered for the investable universe and review the ESG analysis on a periodic basis.

We analyse companies across five pillars:

- 1. Governance:** We analyse companies' governance structures, taking into account common and best practice in the areas of board structure, compensation, shareholder rights, internal controls and governance of sustainability.
- 2. Material Environmental, Social, and Other Risks:** We analyse companies' and issuers' environmental and social policies, processes and disclosures, identifying the most material risks. Materiality is defined as the sustainability issues or risks that may most materially disrupt a company's operations through financial, physical, or reputational loss or disruption. These risks can include: Resource use and dependencies, biodiversity risks, waste and pollution externalities, health and safety, supply chain complexities, and product liabilities including cyber risks and data privacy. We seek investment in companies or issuers that have addressed the material risks with robust policies, processes, management systems and incentives that are scaled appropriately to the importance of the risk.
- 3. Climate Change:** Climate change is a systemic issue for all companies and this pillar assesses the preparedness, management, target-setting, performance and disclosures by companies in terms of both climate transition risks and physical climate risks.
- 4. Human Capital Management and E, D&I:** Human capital and E, D&I are systemic and critical issues for all companies. This pillar assesses the management, target-setting, performance and disclosures by companies for aspects of diversity in leadership (gender, racial/ethnic diversity in board and management teams), workplace equity (hiring/retention efforts, goals, targets, disclosures), and human capital (talent pipeline, compensation/benefits and employee engagement).
- 5. Controversies:** This includes analysis of companies' past and on-going controversies, seeking strong processes and management systems to address and avoid any repeat events. Analysis includes types of controversies or incidents (repeats, reputational, financial, operational), severity (widespread, systematic, isolated incident), and timeframe and status of issues (ongoing, closed, company has responded or addressed).

We analyse company and issuer disclosures and reports ourselves and use external ESG-research as input and support in our analysis. We use external data as a more significant input when establishing the "controversy" element of the ESG analysis.

When all the data is gathered, an ESG report is written and a proprietary ESG score assigned. Where sufficient ESG quality is not achieved, a company or issuer is excluded from the investable universe.

We find that emerging weaknesses in the ESG-profile, have preceded issues and problems emerging later operationally and financially for companies. Therefore, we find it useful to assess ESG and financial, operational, strategic analysis of companies in an integrated fashion.

An example of this was a German software company that had increasingly misaligned and opaque management remuneration, low independence and weak diversity of the board. We lost confidence in the management team and the company's oversight processes, manifesting itself in unwise strategic decision making and capital allocation, combined with weakening financial and operational performance and divested from the company.

Systematic strategies: We have developed two proprietary rating frameworks that employ a quantitative approach to ESG assessment. These frameworks are incorporated into portfolios that use quantitative optimization tools to manage risks relative to market benchmarks and target desired tilts in characteristics. These tilts involve integration of ESG ratings systematically alongside financial factors in portfolio construction through optimization.

⁸ https://impaxam.com/assets/pdfs/general-documents/Modern_Slavery_Statement.pdf?pwd=2305

- *Impax Gender Leadership Score:* The Gender Leadership Score is a proprietary framework of gender leadership factors used to determine the constituents and weights of a global investment strategy designed to capture investment returns associated with gender diversity and women's leadership.
- *Impax Systematic ESG Rating:* The Systematic ESG Rating is a proprietary, relative ranking framework designed to capture information regarding a company's management and performance related to material ESG issues. The framework is used to determine the constituents and weights in US large cap and systematic portfolios.

Private Equity/Infrastructure⁹:

Impax is one of the longest established fund managers in the renewable energy sector. Impax follows an industrially focused value-add strategy, investing in renewable power generation and related assets.

The PE/Infrastructure team has a dedicated Head of Sustainability, who is also Head of Asset Management, ensuring comprehensive integration and monitoring of the ESG policy. The Head of Sustainability is an ESG Observer on the Private Equity/ Infrastructure Investment Committee, responsible for ensuring that investment decisions comply with the ESG policy and other relevant rules and regulations relating to ESG topics.

There is a Private Equity/ Infrastructure ESG sub-committee which convenes every six months to discuss relevant topics and is responsible for governing the ESG policy. The ESG sub-committee has representatives from the Private Equity/ Infrastructure team (Commercial, Technical and the Head of the Team), Compliance, Legal and Sustainability teams.

Beyond complying with the applicable laws and regulations in the relevant jurisdiction of the investment, the assessment and mitigation of ESG risks are an integral and necessary consideration during the due diligence process prior to the acquisition of each investment. Risks are analysed under the following pillars; governance; E,D&I and human capital management; material environmental, social and other risks; and climate. In addition, how the investment contributes to the sustainable investment objective and the principle adverse indicators are evaluated.

Breaches within any ESG parameters would prevent Impax from undertaking an investment and the Investment Committee must review all potential investments on these ESG parameters. The key risks and positive environmental and social opportunities identified by the ESG analysis described above are used to form the ESG strategy for the investment and good governance structures and company level policies and procedures are implemented as part of the transaction structuring process. This is possible as all investments are structured with control rights.

Managing climate risks

Climate risks are systemic risks for all companies, hence both transition and physical climate risks are assessed for companies as part of our proprietary ESG analysis. We will assess the company's climate governance, policies, processes, incentives and targets to manage and reduce carbon emission over time. Roughly two-thirds of Impax's assets under management are invested in environmental and climate solutions and all our investments are aligned to benefit from a transition to more sustainable and low-carbon economy, hence climate opportunities are important and the exposure to climate transition risks relatively limited.

It is harder to systematically avoid physical climate risks through a focus on environmental solutions and the alignment to a transition to a sustainable economy. Physical climate risk is mainly dependent on companies' geographic locations of assets, less on their activities. We are analysing the asset and facility-level physical climate risks of companies to understand the level of exposure to extreme climate events across companies' assets, through a proprietary model focused on 8 key climate hazards, covering chronic (gradual) and acute (extreme event) risks. Any statements regarding these hazards are based on open, external sources of climate projections and climate data. The output is a report that details key asset level exposures by hazard, and an indication of change and relative importance per asset through an asset-hazard heatmap which scores each facility by hazard for both scenarios and across each time point (current, 10 and 30 years). The practical challenge in this analysis is the absence of detailed enough geo-location data by the companies.

⁹ <https://impaxam.com/wp-content/uploads/2021/03/Impax-New-Energy-Strategy-ESG-Policy.pdf?pwmm=9411>

Physical climate risks are identified at the project level for assets within the Private Markets division and are considered as part of the site-specific design plans prior to commencing construction on all projects.

We are actively engaging with our investee companies on both transition and physical climate risks, a thematic focus area of our engagements, discussed in more detail in Principle 10.

In 2022, Impax published its first detailed [Taskforce on Climate-related Financial Disclosures Report](#) (TCFD) and submitted our targets for the [Net Zero Asset Managers' initiative](#), for which engagement and proxy voting will be important elements for achieving the targets set.

3. Engagement as part of the investment process

Engagement process for listed equities and fixed income

ESG-analysis and engagement are fully integrated in our investment process. Engagement is used both to mitigate risk and to enhance value and investment opportunities. The investment team is involved in monitoring our companies and issuers and we have policies in place on how to escalate issues, if and when concerns arise.

Engagement allows us to:

- Manage risks by proactively identifying, monitoring 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

Engagements are conducted by the Impax investment team, as part of our regular meetings with company management teams, or through additional conference calls, meetings, email exchanges or as part of joint communications with the investment community. We regularly collaborate with other investors and partners on engagements, with or without a lead or coordination from responsible investment organisations.

In cases where engagements are not progressing as anticipated, we will utilise our **escalation** processes, which include seeking meetings with alternative contacts at investee companies, including board directors, seeking engagement together with other shareholders, industry organisations, standard-setters or regulators, as well as filing or co-filing shareholder resolutions.

Collaborative engagements can be prioritised where outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated. Collaborative engagements are conducted across a number of ESG issues and specific sectors and companies. Impax will not participate in collaborative engagements that could be interpreted as investors acting in concert.

We will also consider **systematic engagements**, which may require or particularly benefit from simultaneous engagement with standard-setters, regulators or policy makers, in order to remove barriers or impediments, preventing companies from developing more resilient processes and transparency.

The Impax Investment Committee meetings have a standing agenda item “Sustainability and Stewardship”, to continuously inform and discuss engagement issues across the investment team.

We maintain an engagement database where the engagement issues, actions, timings, outcomes and current status are detailed. We review the database regularly and diarise engagement follow-ups for unresolved issues and next steps.

We also engage collaboratively together with our investors from time to time and provide regular reporting on our engagement activities and outcomes, described in more detail in Principles 9, 10 and 11. The Impax [Engagement Policy](#) is disclosed on our website and every year we publish our [Engagement Report](#).

Engagement process for private markets

Investments held by the Private Equity/ Infrastructure Funds are typically through majority stakes, but always with control rights with Impax taking an active role in managing all investments and having board representation. The team is responsible for identifying and then managing ESG-matters post-acquisition including:

- Effective control rights and alignment of interests
- Establishing or developing existing policies and procedures in line with Impax's standards including HR, ED&I, anti-bribery and corruption and vendor management
- Setting up communication and (financial, ESG and technical) reporting functions

Business plans are agreed as part of the acquisition process and are updated annually. Key performance indicators (KPIs) are regularly reported and reviewed by Impax and the Board of Directors or Supervisory Board of all platform investments. We have regular communication via email, telephone and virtual and in-person meetings with the local teams.

Impax has engaged with its investee companies and their suppliers to enhance the traceability of their supply chains. As an example, prior to investment into a joint venture focused on the installation of decentralised generation (rooftop solar, batteries and smart meters), the Investment Manager identified forced labour as an area of ESG risk in the solar procurement process. Impax established a working group with senior members of the project team on the topic of forced labour helping to educate the team on the risks inherent in the sector and how they could work to address them. A framework was developed collaboratively for engaging suppliers based on the Solar Energy Industry Association's Solar Supply Chain Traceability Protocol and the US Forced Labour Prevention Act. The team also engaged with one of the leading solar panel suppliers using this framework. Impax is engaging with its other investee companies to support them to implement a similar supplier engagement framework.

Employees in the investee companies as well as Impax team members actively engage with local stakeholders during the permitting process for the renewable energy projects, as well as during the construction and operational phases of the projects. For example, for a project in Norway, the team liaised with the reindeer herders and the local community to allow reindeer to pass through its small-scale hydro sites, keeping reindeer safe and ensuring their migration patterns are not disrupted. It is particularly important that construction does not interfere with reindeer husbandry periods. As the reindeer gestation period varies based on weather and climate, rather than simply commencing construction on a specific date, the team relies on advice from herders to identify when it is safe to commence construction.

Proxy voting as part of the listed equities investment process

Proxy voting is a key component in the ongoing dialogue with the listed equities companies in which we invest. Through implementation of our voting policy, we aim to enhance the long-term value of our shareholdings, foster corporate governance best practices and promote sustainability, accountability and transparency.

Impax's proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration, but we also express our views on diversity, climate and sustainability management and reporting, through the vote of management and shareholder resolutions. We also maintain dialogue with investee companies throughout the year and frequently engage on proposed governance structures ahead of voting at an AGM or soon after.

Our voting decisions are primarily informed by our [Proxy Voting Guidelines](#).

There is a continued significant interest in proxy voting by our investors. This can be seen in the increase in client reporting questions relating to voting, but also general discussions around Impax's exercise of votes. We believe that our investors' stewardship objectives and Impax's stewardship approach have been well aligned. While there is certainly more interest in this, there have not been any regular requests for e.g. expressions of wish or client-led voting, however we anticipate that more discussions about this may come in the future, given recent public enquires around better alignment between asset managers and asset owners voting objectives and enhanced stewardship dialogue. We welcome that dialogue.

This topic will be discussed in more detail in Principle 12.

Principle 8:

Signatories monitor and hold to account managers and/or service providers.

Impax uses external research and service providers as an input in the ESG analysis of listed investments but has developed a proprietary methodology for analysing and scoring companies on ESG quality and does not rely on external research for ESG scores or ratings in our actively managed listed investments. However, they are used in some of our systematic strategies. External research and data are used when monitoring investee companies' behaviour and controversies. This relates both to normative controversies, such as human rights breaches and more common controversies, such as litigation or labour relations. We also use external research providers' data to monitor any potential controversial activities, such as revenue exposure to controversial weapons, fossil fuels or tobacco. We review external ESG research providers on an annual basis, to understand any changes to research methodologies, but also to understand areas of priority for the research providers. We review the voting outcomes and whether votes have been cast, on an on-going basis.

In 2022, the reviews with research providers have mainly centred around the availability and quality of data and methodologies for the sustainable finance regulatory reporting requirements (e.g. SFDR and EU Green Taxonomy) and the methodologies for some carbon emissions data. The reviews have been more about ESG data reporting recently, which have been part of the work of Impax's "Beyond Financial Returns" working group. The data provider review led Impax to use Sustainalytics as the primary provider of SFDR-related data and the so called "Principle Adverse Indicators", or PAIs.

Additionally, we have an on-going review of external data and research providers for biodiversity and physical climate risks. This is a complex area of analysis, not least due to often missing corporate geo-location data, but we are reviewing providers in order to understand the evolving capabilities within this important area.

The service and research provider we spend by far the most time engaging with is our proxy voting advisor, Glass Lewis, (GL). We assess their updated voting policies, however, we will determine our voting based on our [Voting Guidelines](#), updated and finalised in January 2023. Once the guidelines have been updated, there are extensive discussions with GL's operations team, about capturing our guidelines correctly in the on-going voting process, so that the voting research does indeed flag the issues that we have set out in our guidelines. We always engage with the proxy advisory firm when we believe the "Impax voting policy recommendation", following our voting guidelines, does not seem to be correctly reflected.

In 2022, the review focused mainly on changes in our Voting Guidelines, linked to ethnic and racial diversity at the board-level and the data availability linked to that in different markets. It is data that is still often unavailable in many markets, but we have identified 3 countries where this data is now available more systematically, via our voting research provider, the US, Canada and the UK. We were able to set-up a voting rule linked to board-level ethnic and racial representation for those countries.

For our private market investments, we have recently appointed an external service provider, to help with the gathering and reporting of ESG-related data for the renewable energy projects.

Principle 9:

Signatories engage with issuers to maintain or enhance the value of assets

Impax is an active shareholder with a longer-term investment horizon. Our objective is to build long-term relationships with investee companies. The Impax investment process is focused on a comprehensive understanding of the character and quality of our companies and issuers, including material environmental, social and governance (ESG) issues as well as areas of potential improvement. We believe it is in the interest of our investors that we engage with our investee companies to minimise risks, protect and enhance shareholder value, promote greater transparency on ESG issues, and encourage companies and issuers to develop and become more resilient over time.

Engagement is used both to mitigate risk and to enhance value and investment opportunities.

Engagement allows us to:

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

How we source and prioritise engagements

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

1. Bottom-up company specific monitoring and dialogue

As part of our ongoing, proprietary company and issuer-level ESG analysis, we identify company-specific matters and risks and actively engage with companies and issuers regarding these matters, as part of monitoring and managing risks. We prioritise engagement for investee companies where we have identified more significant risk issues and have larger positions. In addition to risk management, bottom-up company specific engagement is also intended to enhance company value and improve the structures, processes and disclosures of investee companies.

2. Top-down thematic 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 and issuers. The current areas of priority are climate (transition risks and physical climate risk), biodiversity and nature, corporate governance, and human capital and equity, diversity and inclusion (E,D&I). Where possible, we use specific performance data related to the thematic engagement topics, as well as the overall ownership in the companies, as parameters for prioritising companies and issuers for thematic engagements. We engage with companies of all sizes, including larger companies with the aim of promoting best practices throughout an industry peer group.

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

3. Proxy voting driven engagements

Our proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration, but also for expressing our views on company management of diversity, material sustainability issues and climate, through the vote of management and shareholder resolutions, as well as through the filing or co-filing of shareholder resolutions. 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, sustainability, climate and E,D&I issues well ahead of AGMs.

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. In recent years, we have filed or co-filed shareholder proposals at companies on issues relating to physical climate risk, board diversity, pay equity and racial justice.

Engagement as part of the listed investments process

Engagement is an important part of the ESG analysis and investment process. 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.

As both an equity and fixed income manager, Impax benefits from crossover engagements that add insight and can potentially influence our view of an issuer. Since bondholders are an essential source of financing, company management tends to be inclined to maintain good relationships and have meaningful engagements. The benefits are twofold – engagement helps improve our ability to fully vet ESG-related risks and opportunities, and it can help improve an issuer’s ESG transparency and performance going forward.

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 a proprietary database, “Portal” where the engagement issues, objectives, 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.

Setting engagement objectives:

An important characteristic of our engagement work is that our investee companies’ business models, products and services are generally benefitting from a transition to a sustainable economy. This means that our engagements are not focused on changing companies’ strategies or business models, but rather seeking to influence how the companies are operating and the structures, processes and disclosures they have in place.

For the bottom-up, company specific engagements, the objective is typically to solve or improve the issue that has been identified as part of ESG analysis and when that objective has been achieved, move to the next objective or pause the engagement. In Portal, we have also a summary page for each investee company, with key financial and ESG data for the company and a rating indicating the level of priority for engagement for the company in question.

For the thematic engagement areas, we have set up specific steps as objectives that we seek to reach with the engagements. The strategic engagement areas have analysts assigned as leads for each of the current themes of engagement; climate, biodiversity, human capital and E,D&I and corporate governance. The thematic engagement topics have been identified as they are significant or systemic issues that require particular attention. In the Portal-database, it is noted for each engagement what the nature of engagement was and what the objective was, the outcome achieved and the next steps.

Additionally, new and significant thematic engagement topics that often are of shorter-term nature are identified, such as Covid-19 between 2020 and 2022 and ethics of algorithms and AI, with the rapid developments in that area in the last few years. These types of engagements are often about fact finding and monitoring, an example of this will follow, related to Covid-19 engagements that Impax has conducted.

Evolving work underway is developing a theory of change-framework for Impax’s stewardship work, with a more detailed articulation of the stewardship *inputs* (eg resources and working groups) and *actions* (research, collaborations, escalations) that will be most effective in achieving the *outcomes* set in our engagement objectives (e.g. company target-setting, capex investment) and observing the real-economy *impact* from this work, for instance GHG emissions reductions or improved diverse representation on boards.

Engagement as part of the Private Equity/Infrastructure investment process

Engagement with investee companies

Investments held by the PE/ Infrastructure Funds are typically through majority stakes, but always with control rights with Impax taking an active role in managing all investments and having board representation. The team is responsible for identifying and then managing ESG-matters post-acquisition including:

- Effective control rights and alignment of interests
- Establishing or developing existing policies and procedures in line with Impax’s standards including HR, ED&I, anti-bribery and corruption and vendor management
- Setting up communication and (financial, ESG and technical) reporting functions

Business plans are agreed as part of the acquisition process and are updated annually. Key performance indicators (KPIs) are regularly reported, which are reviewed by Impax and the Board of Directors or Supervisory Board of all platform investments. We have regular communication via email, telephone and virtual and in person meetings with the local teams.

Impax has engaged with its investee companies and their suppliers to enhance the traceability of their supply chains. As an example, prior to investment into a joint venture focused on the installation of decentralised generation (rooftop solar, batteries and smart meters), the Investment Manager identified forced labour as an area of ESG risk in the solar procurement process. Impax established a working group with senior members of the project team on the topic of forced labour helping to educate the team on the risks inherent in the sector and how they could work to address them. A framework was developed collaboratively for engaging suppliers based on the Solar Energy Industry Association's Solar Supply Chain Traceability Protocol and the US Forced Labour Prevention Act. The team also engaged with one of the leading solar panel suppliers using this framework. Impax is engaging with its other investee companies to support them to implement a similar supplier engagement framework.

Another example of this type of engagement was the due diligence findings prior to investing a majority stake into a Greek solar development platform, identified that as a small business, the company did not have specific anti-corruption and anti-bribery policies and procedures in place. The requirement to implement Impax's framework anti-corruption and anti-bribery policies and vendor management process was negotiated into the transaction documents.

Engagement with external stakeholders

- Engagement with local experts understanding issues relating to project design and authorities during approval process and local stakeholders necessary to achieve approval.
- Direct engagement with suppliers, project finance providers and off takers for investee companies.
- Local stakeholder engagement including:
 - Engagement with local communities during development, construction and operation phases of the project development; and
 - Subcontracting work to local counterparties where appropriate.

Employees in the investee companies as well as the Impax team members actively engage with local stakeholders during the permitting process for the renewable energy projects, as well as during the construction and operational phases of the projects. For example, for a project in Norway, the team liaised with the reindeer herders and the local community to allow reindeer to pass through its small-scale hydro sites, keeping reindeer safe and ensuring their migration patterns are not disrupted. It is particularly important that construction does not interfere with reindeer husbandry periods. As the reindeer gestation period varies based on weather and climate, rather than simply commencing construction on a specific date, the team relies on advice from herders to identify when it is safe to commence construction.

Another example of broader engagement was the investment into an Irish solar development platform where it was identified that none of the proposed developments would be within or impact Natura 2000 sites, however a biodiversity management plan was devised and needed to be executed post-acquisition and prior to construction commencing, as part of recommendations identified in environmental reports. This included surveys on badgers, otters and birds with mitigation activities determined and findings considered in plant design. Additionally, comprehensive landscape plans were submitted as part of the planning and permitting process. These included grassland and wildflower planting, sheep grazing, maintaining the hedgerow mix and wildlife shelters are to be provided for bats, birds and reptiles.

Top-down thematic engagement priorities¹⁰

Climate

- Processes, management and transparency of climate risks (transition and physical)
- Special attention to disclosure of geo-location data of companies' assets and facilities
- Focus on Net Zero alignment, TCFD reporting

¹⁰ For 2023, "Biodiversity and Nature" was added as a high-level thematic engagement priority.

Biodiversity and Nature

- Focus on corporate biodiversity dependencies and the (negative) impact on nature, mitigation processes and best practices
- Deforestation

Human Capital Development and Equity, Diversity & Inclusion (E, D&I)

- Diversity (inclusive of gender, race & ethnicity) of senior management teams, boards and workforce
- Policies, processes and programs that create pathways for diverse talent to advance and support an include workplace
- Employee health and wellness
- Human capital management in the context of labor constraints and cost of living pressures

Corporate Governance

- Global governance best practices
- Focus on Asian companies

Engagement activities and outcomes in 2022

We have continued to evolve our methodology for classifying different types of engagement activity to include reporting on:

- **Outreach:** defined as targeted contact with a company on a specific ESG issue.
- **Dialogue:** defined as a discussion with, or response from, a company either by email or by meeting/call on a specific or range of ESG-related issues.

In 2022:

- Impax initiated **outreach with 170 companies**.
 - The majority of outreach over the year, **over 140 companies**, focused on the issue of employee health and wellness. As at end of the year, this outreach yielded a 16% response rate with outreach progressing to dialogue with 23 companies.
- Impax undertook over **160 engagement dialogues** in 2022 with **129 investee companies**.

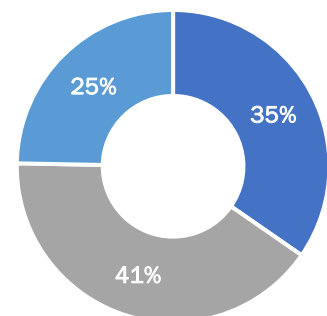
Please note the following statistics and breakdowns refer to **engagement dialogues**.

What we addressed in 2022 – engagement dialogue by theme

Over 40% of engagement dialogues in 2022 focused on **social issues**, up from 26% last year. This reflects our thematic top-down focus on human capital issues over the past year.

We also continued our strong focus on **environmental issues**, predominantly focused on climate-related risks, both linked to transition and physical climate risks, as well as climate reporting.

While contributing a smaller proportion overall, and compared to 2021, **corporate governance** issues related to company-specific matters identified in our ESG analysis, and often related to proxy voting.



- Environmental issues
- Social issues
- Corporate Governance

How we engaged in 2022 – engagement dialogue by topic

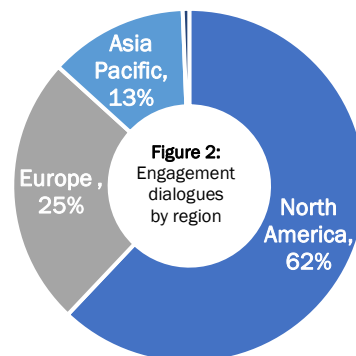
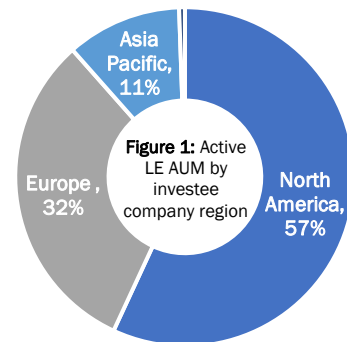
As discussed above, our thematic top-down engagement dialogues remained an important source of insight focusing on one or more of the strategic engagement themes for the year.

Proportion of engagement dialogues, by topic:

- **39% addressed Human Capital Development and Equity, Diversity & Inclusion (E,D&I)**
 - Human capital management
 - Employee health and wellness
 - Leadership and workforce diversity
- **33% addressed Climate-related risks**
 - GHG emissions reduction
 - Target setting and roadmaps
 - Physical climate risks
- **28% addressed Corporate Governance issues**
 - Board independence
 - Executive compensation
 - Oversight of Sustainability/ESG risks

Where we engaged in 2022 – engagement dialogues by region

The predominance of engagement dialogues with North American companies reflects more holdings in US companies in listed equities and fixed income portfolios. US companies have been more forthcoming to engagement dialogues in recent years, we hope to see this continue in an effort to strengthen investee processes, structures, transparency and resilience over time. This increased appetite for engagement in North America has also been driven by a significant regulatory and market push in recent years for increased diversity, equity, and inclusion which has propelled forward our engagements on the matter in the region. Maintaining engagements with US companies will continue to be an important part of our stewardship activities, particularly in light of a divisive political climate in which there is pushback against the value of ESG factors and processes. The relatively smaller proportion of engagements with European companies reflects the more advanced ESG practices within the region.



Progress with Asian companies continued to be relatively slow in 2022, especially relating to governance engagements. During the year, we dedicated additional resource to our engagement activity in the APAC region with the hire of a Head of Sustainability & Stewardship, APAC. While the proportion of APAC engagements closely matches our holdings, we continue to increase our efforts in this region in 2023, given corporate governance practices and broader company ESG processes and disclosures are less mature.

Collaborative engagements in 2022

Engagements are regularly conducted together with other investors and partners with or without a lead or coordination from responsible investment organisations. Collaborative engagements are conducted across a number of ESG issues and specific sectors and companies. Collaborative engagements can be prioritised where outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated.

12% of engagement dialogues in 2022 were collaborative engagements. This was lower than in 2021, due in part to undertaking an internal review of our collaborations and partnerships in terms of priorities, contribution and overall impact. We expect more collaborative engagements to be reflected in our 2023 engagement activity.

Effectiveness of our engagements

We noted positive outcomes in **43%** of the companies we engaged with in 2022, directly related to the engagement objectives set. In 2022, positive outcomes were categorized as engagements in which:

Objectives Partially Achieved (89% of positive outcomes):

- Company has acknowledged relevance/materiality of issue being raised; demonstrates growth in understanding of an issue
- Company has committed to strengthen or adopt specific ESG policies, processes, targets or disclosures in a reasonable timeframe
- Company has taken interim steps
- in support of objective (e.g. systems or structures created/enhanced to measure performance)

Objectives Achieved (11% of positive outcomes):

- Company adopts or strengthens ESG policy, processes and/or targets
- Transparency is enhanced via public disclosures (e.g. CDP, TCFD, issue specific)
- Measurable improvement in performance (e.g. board diversity)

In **13%** of engagements, we believe that the positive outcome was largely driven by Impax's engagement efforts.

Engagement examples for 2022:

Listed Investments – engagement examples:

Human Capital Management and E,D&I	
Company name	Walt Disney Company
Sector	Communication Services/Movies & Entertainment
Geographic region	United States
Period of engagement, with milestone reached in 2022	Impax has been engaging with this company since 2020, focusing on human capital and E,D&I topics.
Description of engagement	<p>Engagement objectives:</p> <ol style="list-style-type: none"> 1. Improve understanding of management approach to human capital and E,D&I (achieved) 2. Disclose quantitative E,D&I data (achieved) <p>In 2022, Impax met with Disney to learn about recent human capital and E,D&I initiatives at the company with a particular focus on employee health & wellness. The engagements were held after the company’s annual meeting, which saw a pay gap reporting shareholder proposal win majority support from shareholders. (This was also the topic of an Impax-sponsored shareholder proposal in 2020, which Impax withdrew after the company committed to publishing EEO-1 data and to assign oversight of workplace equity to the board compensation committee.) The meetings provided an opportunity to gain insight into the company’s approach to returning to the office post-COVID, employee engagement and wellness, and the complexities of managing a large, diverse workforce. Impax provided feedback on new disclosures over the last year and considerations for future disclosures.</p> <p>In September 2022, Disney published its adjusted pay data by race and gender for first time. Its analysis showed that women are paid nearly identical to men, and Asian, Black and Hispanic workers are all paid nearly the same as White workers. The company also committed to additional disclosure over time, including with respect to unadjusted pay data.</p>
Outcome of engagement	Milestones achieved. 2022: Disclosed adjusted pay data by race and gender, committing to additional disclosure over time. 2021: EEO-1 employee demographic data disclosed. 2020: Oversight for workplace equity matters assigned to the Compensation Committee. Engagement with the company is ongoing.

Climate Risk	
Company name	Giant Manufacturing
Sector	Consumer Discretionary, Leisure Products
Geographic region	Taiwan, Asia Pacific
Period of engagement, with milestone reached in 2022	Impax first engaged with Giant in 2019 on the back of identifying poor ESG risk management processes and disclosures. While the company responded with a timeline for ESG improvements, we were dissatisfied with the company’s initial response.
Description of engagement	<p>Engagement objectives:</p> <ol style="list-style-type: none"> 1. Start collecting GHG emissions data (achieved, compiled Scope 1 & 2 baseline data in 2020)

<p>Outcome of engagement</p>	<ol style="list-style-type: none"> 2. Publicly report GHG data in annual reporting (in progress, initial reporting achieved in 2021, still lacks some detail) 3. Collect Scope 3 emissions data (achieved, carbon inventory for Scope 3 emissions compiled) 4. Disclose to CDP Climate Change (achieved, first response submitted in 2022) 5. Set reduction targets and report on progress (Impax to engage in 2023 as next step) <p>Progress: Since then Giant has made efforts to develop its Scope 1 and 2 emissions baseline, collecting data primarily for its two manufacturing facilities in Taiwan and has since received an ISO 14064 certification for the quantification of these emissions. The company disclosed its GHG emissions (in English) in its 2021 Annual Report, while lacking some detail, it also disclosed material environmental data on water consumption and total waste generation for the first time.</p> <p>In 2022, Impax followed up with the company on progress around its GHG reporting. The company gave us an update that they have finished a more robust development of their Scope 1, 2 and 3 emissions inventory and were in the process of undertaking an independent review of the data. Since then, the company submitted its first response to CDP in 2022 and plans to initiate more transparent ESG reporting in 2023. Impax will continue to engage on GHG emissions disclosures, monitor absolute reductions, and science-based target setting in line with international best practice frameworks.</p>
------------------------------	---

Climate Risk	
Company name	CryoPort Inc
Sector	Health Care, Life Sciences Tools & Services
Geographic region	United States
ESG Score	Average+
Period of engagement, with milestone reached in 2022	Impax has been engaging with this company since 2021, having grown significantly through COVID (from micro to nearly mid-Cap) and through the process of embarking on their first formal ESG programme.
Description of engagement	<p>Engagement objectives:</p> <ol style="list-style-type: none"> 1. Start collecting GHG emissions data (achieved, compiled GHG baseline data in 2021). 2. Disclose to CDP Climate Change (achieved, first response submitted in 2022). 3. Publicly report GHG data in annual reporting (achieved in 2022, first sustainability framework established, and initial reporting aligned to TCFD). 4. Set reduction targets and report on progress (in progress, targets are currently under consideration by the company as a next step).
Outcome of engagement	Milestone achieved – since our initial engagement with Cryoport on climate risk in 2021 due to lack of disclosure, we have seen significant improvements in the company’s climate risk management framework, GHG disclosures and reporting in 2022. Target-setting is underway and expected in 2023.

Sustainability Risk Management

<p>Company name Sector Geographic region Period of engagement, with milestone reached in 2022</p>	<p>Repligen Corp Health Care, Life Sciences Tools & Services United States</p> <p>Impax has been engaging with this medium-sized company since 2020, addressing sustainability risk management across a broad range of material aspects (e.g. GHG emissions, HCM/ED&I, water stress) as well as corporate governance matters.</p>
<p>Description of engagement</p>	<p>Engagement objectives:</p> <ol style="list-style-type: none"> 1. Initially educational; materiality, reporting frameworks, investor-useful data (2020) 2. Governance of sustainability: nominations committee has ultimate oversight of ESG matters and practices (ongoing re dedicated resource) & sustainability-based comp performance goals (ongoing, company committed) 3. First sustainability report published, 2021 (achieved) 4. Reporting sustainability data (operational efficiency & material data), (partially achieved, company committed) 5. Target-setting (partially achieved, company committed in 2022) <p>We have seen notable progress with regards to sustainability processes, disclosure, and oversight since 2020 and ongoing on the back of engagement with the company.</p> <p>In late 2021, the company published its first Sustainability Report which is GRI and SASB-aligned and includes a materiality analysis; also looking at aligning their disclosures with TCFD (inc. SBTs). The company also started reporting water, energy and CO2 data (Scopes 1 and 2 in 2021) and following an engagement in 2022, is also investigating their Scope 3 data to report the most material categories in future. The company has put in place an initial target for GHG which will be enhanced in the next iterations of the report. The company provides anecdotal evidence of efforts around reducing the carbon footprint of products as well as efficiencies realised by customers from using Repligen products.</p>
<p>Outcome of engagement</p>	<p>Significant milestone achieved (objectives 3 and 4), the dialogue is ongoing.</p>

Corporate governance - incl Diversity

<p>Company name Sector Geographic region</p>	<p>Xinyi Solar Holdings Ltd Information Technology, Semiconductor Materials & Equipment Hong Kong</p>
<p>Description of engagement/s</p>	<p>Engagement objectives:</p> <ol style="list-style-type: none"> 1. Raise awareness of the benefits of improved board diversity to long-term value creation (achieved). 2. Communicate voting guidelines in relation to no female representation on the Board, 2020 & 2021. Enhanced dialogue with the company (achieved). 3. Improve board diversity (improving, first female director appointed in 2022). <p>Impax has been engaging with this company since 2019, with the main objective of improving its governance practices, including board independence and diversity.</p>

Outcome of engagement

While the company acknowledged our initial concerns around the lack of board diversity, we voted against Nominating Committee members in 2020 and followed up with further engagement. Initially the company expressed no plans to improve board composition or independence, with no female directors on the board. The company reiterated that female representation within their wider industry was low and it remained challenging to recruit qualified female employees or directors. Impax remained disappointed with this outcome and again voted against the Nominating Committee members at the 2021 annual meeting, re-emphasising to the company our belief in the importance of diverse representation for long-term value creation.

We were pleased to see the nomination of the company's first female independent director to the board at the company's 2022 annual meeting, following multiple years of engagement and votes against board directors. Board independence however remains low and we continue to engage with the company on this issue.

Milestone achieved in 2022: Following multiple years of engagement and votes against management, the Board appointed its first female director in 2022. A small but important step in the right direction towards improving board diversity.

Corporate governance - incl Diversity

Company name
Sector
Geographic region
Period of engagement, with milestone reached in 2022

IQVIA
Health Care, Life Sciences Tools & Services
United States
Impax has been engaging with this company since 2018, focusing mainly on improving its governance practices, including board structure, shareholder rights and executive compensation.

Description of engagement/s

Engagement objectives:

1. Improve board structure including independence and board declassification (achieved, 2022)
2. Improve board diversity across multiple aspects of diversity, including gender, race, ethnicity, nationality, skills/expertise (improving, progress in 2022)
3. Improve shareholder rights, historically limited (improving)
4. Improve executive compensation (limited progress, engagement ongoing)

Since 2017, we have voted against various board members and management proposals to express our concern on the following issues:

- Non-majority independent board
- Classified board structure
- Insufficient board diversity
- Executive compensation practices
- Supermajority vote provisions

We communicated our voting rationale to the company and had our first governance-related call in 2020 focused on board structure and composition. In 2020, the company appointed two new independent directors, showing initial progress in improving board independence and diversity, with a commitment to improve board diversity to at least 30%. At the 2021 annual meeting, we supported a proposal to remove supermajority voting rights. We also followed up with an engagement to

Outcome of engagement

share our rationale for voting against the Nominating Committee Chair given board gender diversity remained under 25%.

In 2022, we held another governance-related dialogue with the company. The company appointed two independent female directors at the 2022 annual meeting, improving board independence to 91% and diversity to 36%. This is a significant improvement over the years. In addition, Impax voted for declassification of the board, over a three-year period, which was approved by shareholders.

We continue to express concern with the company’s executive pay practices, demonstrating misalignment of pay with performance. We are continuing to engage the company on issues relating to executive compensation.

Milestone achieved in 2022: Following multiple years of engagement and proxy votes against management, we have seen a number of positive outcomes in the company’s board structure, achieving objectives 1-3 above, with ongoing engagement on objective 4.

An important part of Impax's engagement work is also the monitoring of our investee companies and especially monitoring of how investee companies are coping with evolving events and challenges. In the last years, there has been no shortage of challenges, with the pandemic, trade disruptions, inflation, war and increasing geo-political tensions.

Monitoring for investee company management of external events - Covid-19

The complex global challenges during and following from the Covid-19 pandemic led Impax to conduct specific and evolving monitoring-focused engagements with investee companies particularly exposed to the challenges. This was in order for Impax to understand how companies are managing and coping with the events that in many cases were very significant and largely unprecedented. But the purpose of these engagements was also to signal that Impax views these issues as highly important and highlight how companies can be more transparent in how they manage these complex issues.

Covid-related health & safety engagement, spring 2020

In the spring of 2020, we engaged with a number of companies that had front-line employees in essential sectors, whose nature of work meant they needed to continue to be physically present and possibly getting exposed to Covid-19, while many other jobs had moved into remote work. We focused on companies within the food retail and utilities, particularly waste management sectors, asking how they ensured maximum staff safety. Companies explained how they set-up Covid-19 safety measures and procedures for staff and their procurement plans for masks and PPE. The situation at that time was generally highly uncertain, but we noted that investee companies were dealing reasonably well with the major challenge, although some reported frustrating delays to obtaining PPE, due to for instance their activity not being initially classified as "essential" within some government emergency systems.

Covid-related financial and general employee support engagement, from summer 2020 onward

As the pandemic continued and evolved, we then did targeted engagements in the summer and autumn of 2020, asking how companies supported their staff during the pandemic, especially in terms of financial or healthcare support, including paid leave, healthcare service and employee engagement. Targeted companies were within communications, leisure, retail and healthcare services, within which some companies had been forced to furlough parts of staff. In general, the companies were providing satisfactory support to staff and we emphasized that we view it as important to support employees throughout the pandemic and for companies to be transparent around their approaches.

Post-Covid labour constraints engagement, early 2022

Once the Covid-19 pandemic started abating and the economy opening up, the next challenge for many companies was labour constraints, the difficulty retaining and hiring staff. We believe these challenges were reduced for the companies that had supported staff during the pandemic, although some sectors were structurally harder hit, such as leisure and hospitality. In early 2022, we engaged with companies in more labour-intensive industrial sectors or sectors requiring specialist employee skills, such as technology, especially in the US, where the "great resignation" was particularly felt and asked how companies are managing labour constraints, as well as asking companies to start disclosing on a number of key KPIs linked to human capital. Our observation was that companies were generally responding quite effectively and concretely, for example by looking for new sources and pools of talent, for example via new university partnerships and enhanced incentives and staff benefits.

Post-Covid health and wellness outreach, autumn 2022

In the post-Covid world, it has been acknowledged that mental health issues have soared, perhaps as a consequence from the unprecedented and prolonged social distancing that the pandemic caused. In the autumn of 2022, we reached out to over 140 companies in the US asking how they are supporting employees with health and wellness programs and support, including mental healthcare services, and family-friendly arrangements, like child and eldercare. These engagements are currently on-going, but as at the end of the 2022, this outreach yielded a 16% response rate with outreach progressing to dialogue with 23 companies.

Post-Covid inflationary environment, cost of living crisis, engagement planned for Q2 2023

The next step in this chain of engagements that we plan in order to understand how companies are managing on-going challenges following on from the pandemic, is a focus on the cost-of-living crisis and understanding how companies, especially in sectors with lower income-level staff, are supporting employees, in the current environment of persistent high-levels of inflation.

General principles for effective engagements

Tailored preparation: know your company – its specific business model, geographic context, risk and opportunity exposures in its operations and value chain, maturity, recent achievements and challenges.

Setting clear objectives: set clear step-by-step objectives to be achieved and approximate timelines (achieving positive outcomes typically takes longer than expected).

Clear business case: why does the engagement topic matter and where needed provide academic and other empirical evidence of the “commercial imperative” or business case for why the engagement objectives makes sense for the firm.

Outcome focus: strive for concrete changes and improvements, as set-out in the initial objectives.

Right tone: clearly acknowledge progress achieved and look to next steps as opportunities for further improvements.

Learning curve: work with step-by-step improvement models, starting with the more basic and fundamental issues and moving towards more demanding areas and all the way to best practices – track performance versus objectives set over time.

Constructive dialogue: be a partner or “critical friend”, offer ideas, information, education and solutions observed in the marketplace (peer companies, who are doing this well, how can it be done cost-effectively).

Follow-up process: send follow-up materials promptly and calendarise follow-up meetings with appropriate time intervals.

Escalation: if progress stalls, seek escalation; attempt to meet alternative executives at the company, alternative venues (e.g. conferences), collaborative interventions (shareholders, organisations, platforms), filing or co-filing shareholder resolutions.

Reporting: clearly highlighting the link between objectives and outcomes, seeking clarity regarding engagements where positive outcomes were achieved mainly due to own interventions, not happening anyway or due to other shareholders’ engagements (avoid potential outcome double-counting or simple “status updating”).

Principle 10:

Signatories, where necessary, participate in [collaborative engagement](#) to influence issuers.

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 further in Principle 11. Collaborative engagements are conducted across a number of issues and specific sectors and companies. Impax will not participate in collaborative engagements that could be interpreted as investors acting in concert.

We will also consider systematic engagements, which may require or particularly benefit from simultaneous engagement with standard-setters, regulators or policy makers, in order to remove barriers or impediments, preventing companies from developing more resilient processes and transparency.

About 12% of engagement dialogues, with around 20 investee companies in 2022 were collaborative engagements.

Examples of significant collaborative engagements in 2022:

- **Physical Climate Risk:** Together with a New York-based public plan, we sent letters to the companies in the S&P 500 in 2020, regarding their exposure to and preparedness for extreme climate events: floods, fires, droughts, severe storms, heat, sea level rise, and expansion of pests and diseases. Initially, we asked these companies to disclose the physical locations of their significant assets and used these engagements to encourage companies to start reporting their climate risks and opportunities aligned to the TCFD. Over the last three years, we have been engaging with companies.

Following more detailed engagements with a smaller number of companies in 2021, in 2022, we chose to focus specifically on companies in the semiconductor industry. Semiconductor production is very water-intensive and is very sensitive to the quality of its water supplies. Like many other industrial sectors, it is

vulnerable to the impacts of heat and wildfire, which along with water scarcity and flooding can impact the reliability of the electric grid. We followed up with six semiconductor producers in the S&P 500 to discuss how the companies measured their exposure to physical risks, particularly those related to water (both droughts and floods), and what steps they are taking to increase their own resilience to these hazards. These engagements are ongoing into 2023.

- **Board diversity, Japan:** Impax has been engaging with Japanese companies regarding gender diversity on Japanese company boards for many years. In the reporting period, Impax signed an Asian Corporate Governance Association (ACGA) coordinated gender diversity letter to the Japanese Financial Standards Authority (FSA) and the Tokyo Stock Exchange (TSE) to promote improved female representation on Japanese company boards, an example of a systematic engagement. The letter was later submitted by the FSA to the Japanese State Council. In April 2023, the Japanese prime minister announced that the boards of all companies listed on the TSE Prime market (around 1,800 of the largest companies in Japan) should have 30% female directors by 2030, a major step forward.
- **Engagement initiative driven by FAIRR:** This is a collaborative investor engagement coordinated by FAIRR and supported by shareholders of 25 global food companies, with the objective to diversify their protein sources, with a focus on plant-based proteins, to “drive growth, increase profitability, reduce risk exposure and improve their ability to compete and innovate in a resource-constrained world.” There is a significant focus on mitigation of climate risk.

Impax has been a long-term collaborative partner in this initiative and the lead shareholder in engagements with **Koninklijke Ahold Delhaize**, a Dutch food retailer, with good progress made over the years. In 2021, we observed improved, evidence-based consumer engagement and awareness-raising relating to healthier and plant-based foods and set new more ambitious, science-based GHG reduction targets, relating to Scope 1, 2 and 3 emissions, with improved disclosures of Scope 3 emissions linked to animal agriculture specifically. The company also conducted its first scenario analysis in 2021. Most recently in 2022, Impax again led the engagement with Ahold to better understand the company’s:

- Approach to protein diversification of the product portfolio
- Improvements in supply chain sustainability (focus on Scope 3 emissions)

We had an insightful dialogue with the company who highlighted their Albert Heijn brand as leading in terms of protein diversification, having adopted a dual approach to sustainability that addresses the company’s supply chain and its product composition. However, there was no commitment during the meeting from Ahold to set protein diversification commitments or targets in the short to medium term at the Group level. The company reiterated its existing strategic priorities around climate impact, healthier choices, and waste elimination. The company shared its timeline for publication of its updated Scope 3 strategy, focusing on reducing emissions from its largest emissions sources, products and services. In collaboration with FAIRR, we expect to review progress and outcomes of the broader sustainable proteins initiative to date and review our approach to achieving progress on the above objectives.

- **Finance Sector Deforestation Action (FSDA) initiative:** Building on prior collaborative engagements on deforestation, in late 2022, Impax joined FSDA, a group of financial institutions, all signatories to the Financial Sector Commitment on Eliminating Commodity-driven Deforestation, working to accelerate action to tackle deforestation whilst increasing investment in nature-based solutions (NbS). Next steps and results will be forthcoming in 2023.
- We continue to engage collaboratively on issues relating to **Equity, Diversity & Inclusion, in particular board diversity:**

We continued our participation in the **Russell 3000 Board Diversity disclosure initiative** in 2022, led by the Illinois State Treasurer, that seeks improved disclosure of board diversity inclusive of gender, race and ethnicity. As of 2022 more than 2,200 companies in the Russell 3000 were identified as disclosing the board’s racial, ethnic and gender diversity in aggregate or by individual director, up from 292 companies in 2020 when the initiative launched.

Additionally, we continued to participate in the **Northeast Investors Diversity Initiative (NIDI)**, a coalition of institutional investors committed to increasing gender, racial, and ethnic diversity on corporate boards. Since October of 2019, NIDI has collectively engaged with 40 companies – fourteen of which have made changes by adding women and increasing ethnic and racial representation on their boards. In addition, nine companies have made changes to their corporate governance charters and/or nominating committee process to reflect their companies' commitment to diverse pools of candidates for board service.

The complete list of membership organisations that Impax is involved with, can be found in the Appendix.

Principle 11:

Signatories, where necessary, escalate stewardship activities to influence issuers.

When significant events occur, we may conduct ESG reviews more frequently and contact companies for further information and clarification. This may result in divestment, engagement, or continued monitoring. Impax has an escalation policy in place, in cases where the management of incidents is not progressing or where engagements are progressing more slowly than anticipated. Engagement progress can often be slow but causes for using escalation methods could be deteriorating access to management or their responsiveness or an investee company not acting on an improvement that was committed to.

If an 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 by:

- Seeking alternative or more senior contacts within the company
- Intervening or engaging together with other shareholders (collaborative)
- Intervening or engaging together with shareholders, industry organizations, standard setters or regulators (multi-stakeholder, systematic)
- Highlighting the issue and/or joint engaging regarding the issue through institutional platforms
- Filing or co-filing resolutions at General Meetings

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

There are regional differences in the use of escalation methods, both from a practical, cultural, but also in some cases legal or regulatory perspectives. In the US market the preferred and well-established escalation method is filing shareholder resolutions and this is something that Impax has been doing for many years. This is much harder in Europe and Asia from a regulatory or legal perspective. Filing shareholder resolutions has perhaps been seen as somewhat adversarial and a form of a last resort method, especially from a non-US vantage point. But this may be changing, as we have witnessed a sea change in the level of support and increase in "FOR" votes and approval rates of shareholder resolutions in the U.S. in recent years. This trend continued during the proxy voting season of 2022, however we also noted an increasing proportion of so called "anti-social" shareholder resolutions, reflecting the increased polarisation of the US market, related to ESG and sustainability issues.

Historically, a good outcome of a shareholder resolution, when first filed with a company, would have been 35-40% approval rate, over some years moving towards and sometimes over the 50% limit. Over the last two proxy seasons, we witnessed several first-time shareholder resolutions receive unprecedented levels of support. For example, after being first introduced in 2021, average support for proposals focused on the topic of racial justice increased to 45% in 2022, up from 24% in 2021, with eight proposals on this topic receiving majority support. This is likely to further enhance the role of shareholder resolutions as an effective tool for making progress with engagements and escalations with companies on critical environmental, social and governance issues. It is likely that the number of filings will be going

up, but also likely to see an increase in the cases of shareholders raising the possibility of a filing as a way of getting companies focused on issues and committing to change.

In all regions, collaborative engagements can be helpful, but we are mindful that in Asian companies, good, long-term relations and trust, may be the best basis for success in engagements and escalations.

Examples of escalations in 2022:

Escalation Through Filing Shareholder Resolution

Physical Climate Risk

- **Alphabet** did not respond to outreach in 2021 regarding physical climate risk despite exposure to risks associated with flooding and extreme heat at its headquarters and data centers. We filed a shareholder proposal requesting that the company publish an assessment of short-, medium-, and long-term measures it is taking to mitigate physical risks to key assets from sea level rise and flooding.

Outcome: The proposal went to a shareholder vote in June 2022 and received 18% support. We note that the multi-share class structure in place at Alphabet depresses the vote outcome.

- **JM Smucker Co** did not respond to our outreach on physical climate risk in 2021, despite exposure to risks associated with hurricane and weather-related risk at coffee production facilities. We filed a shareholder proposal requesting that the company provide a description of measures it is taking to mitigate potential short-, medium-, and long-term supply chain disruption.

Outcome: The company was responsive, and agreed to disclose information regarding business continuity plans for its coffee business in its upcoming CDP response and will disclose information concerning its consumer and pet business over the next two years, among other actions, and we will continue the dialogue with the company on these matters moving forward.

Board Diversity

- Having reached out to **Mohawk Industries** in 2020 and 2021 to request information on board's nominating and board evaluation process, its views on board refreshment and plans to advance greater levels of diversity on both the board and in senior leadership without any response, Impax took the step of filing a board diversity shareholder proposal with the company.

Outcome: During the course of engagement, the company announced the appointment of a racially diverse director to its Board of Directors. The company also added disclosure to the 2022 proxy statement to articulate the Board's commitment to diversity and recent efforts in this regard. As these actions broadly addressed the request of the proposal, we withdrew the proposal, but found the company's response to our engagement underwhelming. Shortly after closing the engagement, Impax exited its position in the company.

Racial Justice

- Following strong shareholder support (34%) in 2021 for an Impax co-filed shareholder proposal requesting **Johnson & Johnson** conduct an independent racial equity audit, we joined other investors in re-filing the proposal for 2022. While the company has made progress with respect to diversity & inclusion, we continue to believe an independent assessment of the effectiveness of the company's policies and practices on civil rights, equity, diversity and inclusion would be of value to the company.

Outcome: The company discussed proposal with proponents in November and December, but the proposal went to a shareholder vote in April 2022 and was approved by shareholders, receiving 63% support. The company announced in its 2023 proxy statement that it would conduct the audit, engaging Covington & Burling to conduct it. The first phase is underway.

Escalation Through Collaborative Engagement

- **Healthy Markets Initiative:** In 2022, Impax joined the **Healthy Markets Initiative** coordinated by ShareAction, which aims to improve public health by ensuring healthy food and drink products are affordable and accessible to all. This initiative is part of the **Long-term Investors in People's Health (LIPH) programme**, which has a broader focus on improving workplace health, consumer health and community health. As part of this initiative, we have committed to joining collaborative engagements with target companies held within our portfolios.

In Q4 2022, Impax participated in the first engagement outreach to **Nestle**, requesting that the company set long-term targets to increase the sales associated with healthier foods and for clearer commitments on health. In January 2023, the company shared their intentions to set a target to accelerate sales of healthier products but fell short of committing to a proportionate increase in healthier sales (versus less healthy products). There was also no certainty on timelines for setting this target. Following this, ShareAction proposed filing a shareholder resolution on this issue and Impax expressed our support as a co-filer.

Outcome: In early 2023, Impax signed onto a letter to the company stating the intention to delay the filing of the shareholder resolution pending further engagement between the company and the Healthy Markets Coalition (and co-filers), ahead of it setting its new sales target later this year. The company has since confirmed it will publish a target no later than mid-September, to hold at least two dialogues with ShareAction and the Coalition and, that the second of these will be attended by a member of the board. The next engagement dialogue is scheduled with the company in mid-2023, and we expect to report on progress next year.

Corporate Governance, diversity and climate disclosures, with focus on Asia

Current and on-going escalation through multi-stakeholder collaborative engagement

- Through its membership of the *Asian Corporate Governance Association (ACGA)*, Impax has been able to enhance its knowledge and understanding of Asian governance issues and more effectively engage with regulators and companies in the region regarding governance. In 2022, Impax continued its engagement with ACGA, with our Head of Sustainability & Stewardship, APAC, chairing the *China Working Group*, representing over 50 investors with more than US\$30 trillion in assets under management. The primary objective of the working group is to engage with regulators, companies and other stakeholders in China. The collaborative approach with other shareholders under the expert leadership of ACGA lends itself as the next lever to initiate company-level change and will be discussed in forthcoming investee engagement dialogues in 2023.

CDP Non-Disclosers Collaborative Engagement initiative

- Impax views CDP's questionnaires as important sources of decision-useful and comparable climate data. Impax led engagements with four companies in 2022 as part of the CDP non-disclosers' engagement initiative, to add a lever in the engagement with our companies not reporting on carbon, water or forest risks. One Asian company, **Indraprastha Gas Ltd**, responded to our outreach showing some initial interest and undertook an exploratory call with CDP. However, the company did not submit a CDP response in 2022. Impax continues to engage with the company on this issue as one of our net zero non-aligned company priorities.

Principle 12: **Signatories actively exercise their rights and responsibilities**

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; and
- 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.

Bondholder rights

As a specialist asset manager investing in opportunities arising from the transition to a more sustainable global economy, companies and underwriters seek input from Impax on eligible projects for green and social bonds, as well as the structuring features, disclosure and reporting for sustainability bonds. We encourage issuers to focus on projects and structuring features that support the development of solutions to environmental and social problems, such as climate change and inequality.

Impax also engages with fixed income issuers in support of collaborative engagements with other institutions and investors, particularly in cases where an issue is being escalated, as discussed in Principle 11. These engagements may take the form of written correspondence or meetings with company management.

During the structuring of a bond offering, Impax may have the opportunity to engage with companies and underwriters about the inclusion of certain terms and conditions. Impax focuses its engagement on the specific projects that qualify for the use of proceeds for green bond and social bond offerings, as well as the environmental and social performance indicators for green, social and sustainability-linked bond offerings. For example, in 2022, we participated in several such meetings, including a presentation and Q&A session with Fannie Mae about their new social index, which was designed to respond to prior investor feedback from us and others to provide greater insights into socially oriented lending activities within the company’s mortgage-backed securities program.

Proxy voting approach at Impax

1. Principles

Proxy voting is the exercise of voting rights obtained by the firm in the course of its day-to-day investment activities in listed equities, deemed to meet Impax’s investment criteria. It is a key component in the ongoing dialogue with the companies in which we invest. As such, proxy voting forms an important aspect of Impax’s overall investment process.

Impax is committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates, where proxy voting has been delegated to Impax. Through the implementation of the proxy voting policy,

Impax aims to enhance the long-term value of its shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in the companies Impax has invested in. Impax also aims to exercise voting rights on all shares held by Impax, where it is in the best interest of its clients and where excessive costs or administrative burdens are not present. It is our policy to vote in all shareholder meetings and on behalf of all investors who have granted the Impax voting rights.

Impax invests in companies in a variety of countries and markets around the globe each year. Each market has unique rules, reporting requirements, and ESG practices and standards. Impax aims to stay abreast of new and emerging issues in these markets, and how they relate to global best practices for ESG issues.

Main corporate governance principles that we expect from our investee companies:

- Creating sustainable, long-term value for stakeholders
- Protecting shareholder rights
- Maintaining high integrity corporate behaviour
- Ensuring an independent and efficient board structure
- Aligning corporate incentive structures and remuneration with long-term interests of shareholders
- Disclosing accurate, timely and transparent financial and corporate governance information
- Ensuring strong environmental and social performance and disclosures.

2. Environmental, Social and Governance considerations

Impax believes that well-governed companies are attentive to the environmental, social and governance (ESG) concerns that affect shareholders and stakeholders. These companies actively engage with their stakeholders and consider the long-term implications of their actions with a focus on creating durable, sustainable value.

Our ESG criteria helps us identify well-managed companies; while stewardship helps us improve the environmental, social and corporate governance performance of the companies we invest in. Proxy voting is one of the ways we engage with investee companies. Impax seeks to vote proxies consistently with our ESG criteria, which we apply to all companies.

Our [Proxy Voting Guidelines](#) outline how we vote in relation to diversity and companies that have weak climate risk management processes and disclosures.

3. Processes

Impax's proxy voting is predominantly related to governance issues such as the election of directors, board structures and management remuneration, but we also express our views on diversity, sustainability management and reporting and climate, through the vote of management and shareholder resolutions. We maintain dialogue with investee companies throughout the year and frequently engage on proposed governance structures, sustainability, climate and E,D&I issues ahead of voting at an AGM or soon after.

- Impax uses a third-party voting platform to facilitate the vote execution, reporting and record keeping. Impax also uses third-party service providers, including proxy advisor service and research providers, to help inform its analysis of relevant proxy issues and proxy votes.
- Impax's proxy voting principles and guidelines are informed by global governance best practices, and by advisory governance and internal research, implemented as described in the Impax Proxy Voting Guidelines.
- Impax applies its voting principles and guidelines with full consideration to a company's circumstances, following internal analysis.
- Votes are cast on shares, where there are no excessive or burdensome legal, financial or technical constraints.

- Where Impax's proxy voting principles and guidelines or general corporate governance best practice principles are not met, we vote against a resolution and, when practical, attempt to engage with the investee firm before or after the meeting.
- Impax carefully assesses shareholder resolutions and tends to vote for resolutions that are reasonable and would strengthen governance structures, shareholder rights or sustainability objectives, processes and disclosures.

4. Disclosures

- Proxy voting guidelines and records:

Impax Proxy Voting Guidelines:

https://impaxam.com/assets/pdfs/proxy-voting/proxy_voting_guidelines.pdf

Proxy voting activities and outcomes reporting 2022:¹¹¹²

<https://impaxam.com/assets/pdfs/proxy-voting/proxy-voting%20activity-significant-votes-2022.pdf?pwd=1592>

<https://impaxam.com/pax-world-funds/proxy-voting/>

Proxy Voting Policy:

<https://impaxam.com/assets/pdfs/general-documents/2023-impax-funds-proxy-voting-policy.pdf?pwd=6262>

- Client communications:

Impax regularly discusses and reports its stewardship policies and/or activities with its clients.

All related public disclosures can be found here:

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

The role of proxy advisors

Impax uses the services of proxy advisors, the proxy voting platform to manage and execute its proxy voting work. We assess the proxy advisor's voting recommendations, but ultimately vote according to our publicly disclosed proxy voting guidelines. Impax does not vote automatically following the proxy advisors' recommendations. There are however voting resolutions that are hard to set a specific policy or guideline on and that require to be assessed on a case-by-case basis. These would be for instance items concerning management compensation. For these items we assess the proxy advisor's analysis and recommendation, whether the structure or instruments used contain any major flags, what the history of compensation is especially regarding the alignment of performance and compensation. For financial or e.g. M&A related or otherwise unusual or complex items, we will engage with the company lead analysts.

Impax most recently updated its Proxy Voting Guidelines were assessed in the autumn of 2022. There were discussions about capturing the updated guidelines correctly in the proxy voting platform in the on-going voting process. We also give feedback to the proxy advisory firm when we believe the "Impax voting policy recommendation", following our voting guidelines, does not seem to be correctly reflected in the voting platform.

The voting platform also allows us to monitor effectively for instances of share blocking in companies in certain markets, especially Switzerland and Norway and alert the investment team. Our approach as long-term investors is to vote for all shares, but it is important that the blocks and time periods involved are well understood, especially in case of specific circumstances with the companies.

¹¹ Impax defines "significant votes" as those votes that are not just purely procedural, but that are material in describing a company's financial position, corporate governance profile or other corporate structures or processes (whether votes are cast FOR or AGAINST management). This disclosure applies to funds managed by Impax Asset Management Limited, Impax Asset Management Ireland Ltd, Impax Asset Management (AIFM) Ltd.

¹² Pax World Funds are a US mutual fund range with independent governance. <https://impaxam.com/pax-world-funds/proxy-voting/>

Impax reviews the proxy advisory firms at least annually, especially to discuss possible process and reporting efficiency improvements, but also to discuss any significant changes to the proxy voting policies of the service provider. In 2022, the review focused mainly on changes to diversity profiles at company boards and management teams. We review the voting outcomes and whether votes have been cast, on an on-going basis.

Evolving client proxy voting objectives and dialogue

Impax is committed to ensuring the consistent exercise of voting rights associated with shares held in investment mandates, where proxy voting has been delegated to Impax. Through the implementation of the proxy voting policy and proxy voting guidelines, as described above, Impax aims to enhance the long-term value of its shareholdings, foster clear corporate governance best practices and promote greater accountability and transparency in the companies Impax has invested in.

We are pleased to note that general investor interest in proxy voting has increased significantly over the last years, a trend we believe will continue. The increased interest to date has been primarily manifesting itself in more detailed and more frequent reporting requests on Impax's proxy voting. To date we have observed limited client interest in enhanced access to proxy voting arrangements, but we anticipate that to increase in the future, although we note a lower level of debate on these topics in 2022, compared to the year before.

Impax's positions on:

- Enabling clients to share voting policies:

Impax is open to discussions relating to clients' voting policies and approaches and would enable and welcome clients sharing those; indeed, this does already occasionally take place. We do however believe it is important that our voting decisions are consistent and follow the Impax Proxy Voting Guidelines, as expected by our clients, for consistency and transparency. Our voting decisions should not be unduly influenced by individual clients' views, recommendations or policies. Principle 3 focuses on conflicts of interest and we seek to minimise risks of conflict between client interests in our voting, by voting consistently in line with our publicly disclosed voting guidelines.

- Facilitating client-led voting in pooled funds:

We have explored the possibility of doing this with our proxy advisory firm and have been given reassurance of the technical feasibility and possibility of enabling client-led voting in pooled funds in the future. We do however understand from comments by the Department for Work and Pensions (DWP) that there may be some legal and operational issues with client-led voting in pooled funds, which may complicate implementation and would need to be closely considered.

An important consideration of client-led or -directed voting is also the potentially reduced influence on the underlying companies through voting, the very tenet of stewardship and active ownership. We believe investment managers can best deliver on investment and stewardship objectives for clients when all stewardship activities are pulling in the same direction.

- Facilitating forward looking discussions on voting intentions on pre-selected resolutions/significant votes:

We are willing to accommodate client dialogue as much as is practical. This may be in the form of higher-level previews of anticipated issues, new voting principles or policies or new themes (like Impax's view on "Say on Climate" or hybrid AGM models) ahead of an upcoming proxy voting season. We can flag particularly complex or contested votes to clients, on a case-by-case basis.

- Allowing clients to override any specific votes:

We will be able to accommodate this through split-vote arrangements or other mechanisms allowing clients to override specific votes directly with their custodian for the shares they hold.

We welcome enhanced dialogue with clients on proxy voting in general, collaboration on proxy related engagements and stewardship more broadly. We are open to exploring enhanced client-led voting in the future. While we view enhanced access to proxy voting as a positive step in general, for increased client voice, we are also noting the

possible erosion of influence on investee companies, potentially leading to less positive stewardship outcomes, an important trade-off to consider as well. Finally, and for context, to date we continue to hear from many clients that they do not have the time or resources to implement voting or voting policies themselves, but we understand this may be changing.

Global voting statistics in 2022

Impax Asset Management - Firm-wide Proxy Voting Statistics - Calendar year 2022	Impax total
Total number of meetings where it was possible to vote	1,095
Number of meetings in which IAM voted	1,094
Number of meetings in which IAM voted (as a percentage)	99.9%
Number of management resolutions in which IAM voted	13,967
Number of management resolutions in which IAM voted <u>against management</u> (i.e. <i>against</i> and/or <i>abstained</i> and/or <i>withheld</i>)	1,371
Number of management resolutions in which IAM voted <u>against management</u> (i.e. voted <i>against</i> and/or <i>abstained</i> and/or <i>withheld</i>) as a percentage of management resolutions voted	9.8%
Number of shareholder resolutions in which IAM voted	406
Number of shareholder resolutions in which IAM voted for i.e. <u>against management</u>	303
Number of shareholder resolutions in which IAM voted for i.e. <u>against management</u> (as a percentage of shareholder resolutions voted)	74.6%

Trends

2022 was a record year in terms of the number of shareholder proposals filed in the U.S, with the number of shareholders proposals in which Impax voted increasing in parallel. However, our overall support for shareholder proposals decreased to 74.6% (88% in 2021) due to a significant increase in shareholder proposals filed by proponents expressing skepticism of the value of a company's efforts to address ESG related risks and opportunities. While some of these proposals addressed topics that we would generally be supportive of under normal circumstances (such as board diversity and racial equity audits), a careful review of the supporting statements revealed that the proponents' goals were to undermine, rather than strengthen or enhance, a company's ESG efforts.

Our approach to shareholder proposals continues to be recognised, with Impax ranking first in ShareAction's "Voting Matters Report" for consistently voting in favor of key environmental and social shareholder proposals in 2020, 2021 and 2022.

Proxy Voting Statistics by region – Calendar year 2022	Number / % of meetings voted	
APAC	244	22.3%
Europe	362	33.1%
North America	461	42.1%
Rest of World ¹³	27	2.5%

Proxy Voting Statistics by region – Calendar year 2022	Management Proposals		
	Total Voted	Votes Against Mgmt.	% Against Mgmt.
APAC	2285	359	15.7%
Europe	6550	551	8.4%
North America	4974	499	10.0%
Rest of World	330	101	30.6%

¹³ Rest of World (ROW) includes Latin America & the Caribbean

It is notable that votes against management resolutions are higher in Asia and Latin America (included in *Rest of World* above), a reflection of the relative immaturity of governance codes and structures in these regions. Here we note significant numbers of votes against board directors, due to lower levels of board independence, lack of diversity, director's over-commitment and participation in sub-committees that should be 100% independent, such as the audit or remuneration committees.

Examples of voting outcomes in 2022:

- At **Apple's** annual meeting, 53.55% of shareholders, including Impax, supported a proposal requesting that the company conduct a civil rights audit. Following the meeting, Apple engaged Covington & Burling LLP to conduct a civil rights audit, led by former US Attorney General Eric Holder. The audit is underway and will examine civil rights impacts on Apple's business in the areas of its people, its products and services, customer connections, and communities. A public report is expected in 2023.
- At **Disney's** annual meeting 59.6% of shareholders, including Impax, supported a proposal requesting the company report on media and adjusted pay gaps across race and gender. In September 2022, Disney publicly disclosed annual adjusted gender, race and ethnicity pay ratio data. It also committed to expand its assessment of the adjusted pay ratio in 2023 and disclose unadjusted median analysis of pay in 2024. Impax has been engaging Disney on pay equity and other human capital topics since 2020.
- A shareholder proposal at **Ansys** seeking the annual election of directors was approved by 86.9% of shareholders. Impax supported this proposal. In response, the company announced it would phase out the classified board, which will be fully declassified at the 2026 annual meeting. Impax has continued to engage the company on this issue.
- Impax supported a shareholder proposal seeking a board diversity report at **Badger Meter** which received support 24.7%. We supported a similar proposal in 2021. In 2022, the company appointed two diverse directors to the board, improving board diversity to 33% gender diversity and 22% racial/ethnic diversity (from 22% and 11%, respectively).
- Overall, we supported 36 climate related shareholder proposals and 50 human capital/ED&I related shareholder proposals in 2022.

Examples of Impax filing shareholder resolutions in 2022, as part of escalations:

Physical Climate Risk

- **Alphabet** did not respond to outreach in 2021 regarding physical climate risk despite exposure to risks associated with flooding and extreme heat at its headquarters and data centers. We filed a shareholder proposal requesting that the company publish an assessment of short-, medium-, and long-term measures it is taking to mitigate physical risks to key assets from sea level rise and flooding.

Outcome: The proposal went to a shareholder vote in June 2022 and received 18% support. We note that the multi-share class structure in place at Alphabet depresses the vote outcome.

- **JM Smucker Co** did not respond to our outreach on physical climate risk in 2021, despite exposure to risks associated with hurricane and weather-related risk at coffee production facilities. We filed a shareholder proposal requesting that the company provide a description of measures it is taking to mitigate potential short-, medium-, and long-term supply chain disruption.

Outcome: The company was responsive, and agreed to disclose information regarding business continuity plans for its coffee business in its upcoming CDP response and will disclose information concerning its consumer and pet business over the next two years, among other actions, and we will continue to dialogue with the company on these matters moving forward.

Board Diversity

- Having reached out to **Mohawk Industries** in 2020 and 2021 to request information on board's nominating and board evaluation process, its views on board refreshment and plans to advance greater levels of diversity on both the board and in senior leadership without any response, Impax took the step of filing a board diversity shareholder proposal with the company.

Outcome: During the course of the engagement, the company announced the appointment of a racially diverse director to its Board of Directors. The company also added disclosure to the 2022 proxy statement to articulate the Board's commitment to diversity and recent efforts in this regard. As these actions broadly addressed the request of the proposal, we withdrew the proposal, but found the company's response to our engagement underwhelming. Shortly after closing the engagement, Impax exited its position in the company.

Racial Justice

- Following strong shareholder support (34%) in 2021 for an Impax co-filed shareholder proposal requesting **Johnson & Johnson** conduct an independent racial equity audit, we joined other investors in re-filing the proposal for 2022. While the company has made progress with respect to diversity & inclusion, we continue to believe an independent assessment of the effectiveness of the company's policies and practices on civil rights, equity, diversity and inclusion would be of value to the company.

Outcome: The company discussed the proposal with proponents in November and December, but the proposal went to a shareholder vote in April 2022 and was approved by shareholders, receiving 63% support. The company announced in its 2023 proxy statement that it would conduct the audit, engaging Covington & Burling to conduct it. The first phase is underway.

APPENDIX

Impax memberships

- **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.
- **CDP:** An independent organisation holding the largest database of corporate climate change information in the world.
- **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.
- **Climate Financial Risk Forum (CFRF):** Industry organisation Convened by the FCA and Bank of England/PRA to share best practice on climate risk.
- **Coalition for Climate Resilient Investment (CCRI):** A private sector-led organization developing tools, solutions and financial instruments to support integration of physical climate risks in investment decision-making.
- **Confederation of British Industry (CBI):** A membership organization for over 190,000 UK businesses. *This membership is currently under review.*
- **Council of Institutional Investors (CII):** Promoting strong governance and shareholder rights standards at public companies.
- **Energy Transitions Commission (ETC):** Energy transition focused think tank with membership from industry and NGOs.
- **FAIRR:** Initiative promoting more sustainable farming and food production practices.
- **Finance to Accelerate the Sustainable Transition-Infrastructure (FAST-Infra):** Aims to develop a consistent labelling system for sustainable infrastructure investment.
- **Financing a Just Transition Alliance (FJTA):** Identifies the role finance can play in connection action on climate change with inclusive development pathways.
- **Finance Sector Deforestation Action:** Collaboration to unite organisations around a shared engagement approach to tackling deforestation and other climate and nature-related initiatives.
- **Glasgow Financial Alliance for Net Zero (GFANZ):** Unites net-zero financial sector-specific alliances from across the globe into one industry-wide strategic alliance.
- **Global Impact Investing Network (GIIN):** The largest global community of impact investors (asset owners and asset managers) and service providers engaged in impact investing.
- **Global ESG Benchmark for Real Assets (GRESB):** Industry-led organisation that provides environmental, social and governance data to financial markets.
- **Institutional Investors Group on Climate Change (IIGCC):** A forum for collaboration on climate change for European investors.
- **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.
- **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.
- **Long-term Investors in People's Health Initiative (LIPH):** Giving investors the tools to improve health outcomes by sharing best practices and creating opportunities to collaborate on corporate engagement.
- **Natural Capital Investment Alliance (NCIA):** A central hub for global corporations and financial institutions seeking to scale-up their investments into Natural Capital, in support of biodiversity restoration.
- **Net Zero Asset Managers Initiative (NZAM):** An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 °C.
- **Northeast Investors Diversity Initiative (NIDI):** An organization working to achieve greater board diversity among companies headquartered in the US Northeast through collaborative engagements with institutional investors.
- **Principles for Responsible Investment (PRI):** Aims to help investors integrate ESG considerations into investment decision making and supports sharing best practice in active ownership.
- **Race at Work:** Part of BITC Business in the Community, The Prince's Responsible Business Network, the initiative seeks to accelerate change through five calls to action for organisations to improve equality of opportunity in the workplace.
- **ShareAction Investor Decarbonisation Initiative:** investor initiative to accelerate corporate action on climate change.
- **Shareholder Rights Group:** Working to acquaint regulators and the public with the purpose and value of engagements.
- **Sustainable Investment Institute:** A non-profit organisation conducting research and publishing reports on organized efforts to influence corporate behaviour on social and environmental issues.
- **Taskforce 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.
- **Taskforce on Nature-based Financial Disclosures (TNFD):** Initiative developing a framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature.
- **Thirty Percent Coalition:** Institutional investor initiative for improved US corporate Board diversity
- **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.
- **UK Sustainable Investment and Finance Association (UKSIF):** Provides services and opportunities to align investment profitability with social and environmental responsibility.
- **The US Forum for Sustainable and Responsible Investment (USSIF):** A US based membership association promoting sustainable, responsible and impact investment.
- **Women's Empowerment Principles:** A set of Principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community.
- **Women in Finance:** Commitment by the UK's HM Treasury to build a more balanced and fair industry, seeing to see gender balance at all levels across finance services firms.

This report has been reviewed and approved by:

Bruce Jenkyn-Jones

Bruce Jenkyn-Jones
Chief Investment Officer (CIO), Listed Investments, Executive Director
B.Jenkyn-Jones@impaxam.com

Contact for further information:

Lisa Beauvilain
Global Head of Sustainability & Stewardship, Executive Director
L.Beauvilain@impaxam.com

Contact information

IMPAX ASSET MANAGEMENT

7th Floor, 30 Panton Street,
London, SW1Y 4AJ

0203 9123000
clientservices@impaxam.com
www.impaxam.com