

Impax Sustainable Leaders Fund

Beyond Financial Returns Report 2023



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Introduction

At Impax, every strategy is designed to intentionally allocate clients' capital towards those companies which are expected to benefit as the global economy transitions to a more sustainable model. This Beyond Financial Returns Report provides post-investment evidence of this intentionality.

Reporting this year includes data and information related to stewardship outcomes, our policy advocacy focus, as well as impact metrics such as the carbon profile and UN Sustainable Development Goal (SDG) mapping of each strategy. Impax has been measuring environmental impact for its thematic strategies since 2015 and continues to evolve and refine impact reporting in an effort to align with emerging best practice and standardisation where possible.

Impax's engagement and voting activity is included to provide a more comprehensive view on Sustainability and Stewardship outcomes for the portfolio. The objective of engagement with investee companies is monitoring, risk management and encouraging improved processes and disclosures, through company-specific, thematic and proxy-voting-related engagements, all important elements of the investment process. We have provided a breakdown of Impax's priority engagement themes including climate, people and governance. In addition, Impax has formally distinguished between "outreach activities" and "engagement dialogues" in our tracking of engagements during the year. Impax has not included outreach numbers in this report, but we plan to include these statistics for 2023. We hope this will provide our investors with further insight on emerging themes.

Impax's Policy Advocacy work is focused on shaping the markets and supporting the development and creation of public policy which will accelerate the transition to a sustainable economy. We plan to combine company engagement and policy advocacy wherever possible to accelerate positive outcomes in the real economy, so-called systematic engagement, as described in our recent [Stewardship & Advocacy Report](#).

Impax's active listed investment strategies employ universe or taxonomy formation in order to focus portfolios on companies that are set to benefit from the transition to a more sustainable economy. The impact metrics reported for Impax's strategies relate to the benefits that the products and services of investee companies are enabling. Investing in listed impactful companies does not increase or add to that impact but is a concrete demonstration that the investment is strongly aligned to companies benefiting from, and enabling, the transition to a more sustainable economy.

Over the past year, Impax has reviewed its approach to reporting carbon emissions in order to improve transparency and reflect the latest industry guidance. We will continue to provide detailed information by strategy on the GHG emissions of the companies in which we invest, broken down by Scope 1 & 2 and Scope 3 emissions, as well as the avoided GHG emissions arising from the portfolio companies' products and services. Historically, we have also reported a net GHG emissions and avoidance metric for each strategy but have decided to discontinue reporting this figure and favour gross GHG metrics. This approach aligns with WBCSD Guidance¹ on Avoided Emissions published in March 2023 which states that Scope 1, 2 and 3 GHG emissions should be separated from avoided emissions in external reporting. Impax is part of several industry initiatives seeking to establish standardisation to the measurement and reporting of avoided emissions, a critical metric for environmental and climate solutions.

As always, we thank you for your continued support and welcome your feedback.

¹ [World Business Council for Sustainable Development](#)

Stewardship summary 2022

Engagement activity

Stewardship is an important part of Impax's investment process. Engagement is used both to mitigate risk and to enhance value and investment opportunities. We remain dedicated to helping companies navigate the transition to a more sustainable economy - engagement can strengthen investee companies over time, making them more resilient. This process takes time and often transpires over longer horizons, with topics for engagement maturing and evolving during this journey.

How we report on engagements

For 2022, we have moved away from reporting the total number of engagements and are reporting the number of investee companies we engaged within your portfolio, along with a percentage split and count of the themes we engaged with them on. It is important to highlight that multiple themes may be discussed during one engagement, and we believe that reporting engagements in this way provides more transparency and value to clients.

We have also formally distinguished between "outreach activities" where we make a request of a company without response, and "engagement dialogues" where we have two-way communication with decision-makers. Therefore, our engagement statistics only include engagement dialogues. Impax has not included outreach numbers this year but plans to include these statistics for 2023 engagement reporting so they can accompany the engagement dialogue statistics.

We recognise that the engagement process is a journey. As such, to supplement the statistics, we have included engagement case studies which provide valuable insight into the evolving nature of the engagement process and how we track progress over time against clearly defined objectives.

Engagement themes for 2022

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. Within these major themes, there are more detailed and specific topics, such as physical climate risks and employee health & wellness. The below table provides a breakdown of engagement dialogues for your portfolio across these themes.

Engagement theme				
24 Individual companies engaged	Climate	People	Governance	Other ESG issues
	44%	26%	26%	5%

Stewardship summary 2022

Engagement dialogue by investee company

The below table provides a breakdown of themes discussed with investee companies held in the portfolio.

It is important to note that multiple themes may be covered during one engagement with an investee company.

Investee company holding	Climate	People	Governance	Other ESG issues
ANSYS Inc	-	-	1	-
Applied Materials Inc	2	-	-	-
Aptiv PLC	1	3	-	-
Croda International PLC	3	1	-	-
Deere & Co	1	-	-	1
Ecolab Inc	-	1	-	-
GEA Group AG	-	-	-	1
Georg Fischer AG	-	-	1	-
Halma PLC	1	-	2	-
IDEX Corp	1	1	-	-
Keyence Corp	-	-	1	-
Koninklijke DSM NV	1	-	-	-
Mettler-Toledo International I	-	-	1	-
Microsoft Corp	-	1	-	-
PTC Inc	1	-	-	-
Schneider Electric SE	1	-	-	-
Shimano Inc	1	1	1	-
Spirax-Sarco Engineering PLC	-	-	1	-
TE Connectivity Ltd	-	-	1	-
Texas Instruments Inc	1	-	-	-
United Rentals Inc	2	1	-	-
Veolia Environnement SA	1	-	-	-
Waste Management Inc	-	1	-	-
Waters Corp	-	-	1	-

Engagement example

People

Ansys, Efficient IT, US

Ansys is a leading simulation company active in CAE (Computer Aided Engineering) and CAM (Computer Aided Manufacturing) which supports software solutions for design analysis and optimization. The software solutions accelerate product time to market, reduce production costs, improve engineering processes, and optimize product quality and safety for a variety of manufactured products. With Ansys software solutions, design and testing can be completed via simulation, accelerating development and analysis whilst saving valuable resources during the development and testing of physical product prototypes.

Topic: Human Capital Management (HCM) and Equity, Diversity & Inclusion (E,D&I)

Start of engagement: 2021

Engagement objectives

1. Improve understanding of company HCM and E,D&I risk management (**achieved, 2021**)
2. Enhance disclosures (**achieved, 2022**)
3. Improve board diversity (**ongoing**)

Impax has engaged with Ansys since 2021, with initial discussions focused on the company's approach to managing human capital, given the firm's innovative nature and demand for highly-skilled talent. The company has strengthened its processes and strategies for attracting and developing diverse talent, including flexible working policies, partnerships and training initiatives, particularly targeting under-represented groups. Ansys began gathering employee demographic data in 2021 to help set a baseline across its global workforce.

Progress and outcomes

Since our initial discussions, the company now discloses extensive KPIs including average spend on development per employee and proportion of total employees enrolled in training. The company has expanded its employee resource groups, provided E,D&I training to all managers, and started using workforce diversity analytics to inform recruitment and talent development initiatives across the applicant and employee lifecycle. The company also reports ethnic diversity, in addition to gender diversity data, for all employees.

Ansyes has established board level oversight for HCM and E,D&I issues and incorporated relevant performance targets into the short-term incentive plan for the CEO.

We have also engaged the company on strengthening board gender diversity. Since voting against members of the Nomination Committee in 2021 and 2022, the company appointed a third female director to the board in 2022. As of December 2022, board gender diversity reached 30%.

References to specific securities are for illustrative purposes only and should not be considered as a recommendation to buy or sell. This example was selected based on its positive outcome. Other engagement efforts may not result in similar outcomes. Impax makes no representation that any of the securities discussed were or will be profitable, or that future investment decisions will be profitable. Refer to the Methodology page at the back of the report for further details.

Engagement example

People

Aptiv, Advanced Road Vehicles & Devices, US

Aptiv is a global technology company that develops safer, greener and more connected solutions that enable the future of mobility. The company provides the advanced smart vehicle architecture and the connected mobility ecosystem at the forefront of smarter, automated and autonomous driving, safety, and infotainment.

Topic: Human Capital Management (HCM) and Equity, Diversity & Inclusion (E,D&I)

Start of engagement: 2019

Engagement objectives

1. Improve understanding of company HCM and E,D&I and risks **(achieved)**
2. Enhance disclosure of E,D&I data and targets **(partially achieved, EEO-1 data disclosed in 2021, pay equity data disclosed in 2022)**
3. Improve board diversity **(ongoing)**

Impax has engaged with Aptiv since 2019 on human capital and E,D&I, among other ESG topics. Initially, our engagements focused on understanding Aptiv's oversight of HCM and ED&I across the organization, which includes over 180,000 employees globally.

During and following from the COVID-19 pandemic, complex global challenges arose, including labour shortages, healthcare crises and access to family and dependent care. Impax engaged with and monitored companies exposed to these challenges, including Aptiv. Our efforts helped us understand how companies were managing risks and signalled that Impax appreciates the importance of these complex issues and highlighted the value of transparency, especially in times of crisis.

Progress and outcomes

As our dialogues have evolved over the years, we have found that Aptiv has made significant strides in establishing mentorship and leadership development programs and in collecting and analyzing E,D&I data. The company published its Employment Information Report (EEO-1) data providing a breakdown of its workforce by race/ethnicity and sex in the U.S, provided similar data for its global workforce, and disclosed the results of its gender pay equity analysis.

We have also engaged the company on strengthening board gender diversity. The company appointed a third female director to the board in 2021, and as of 2022, board gender diversity reached 30%.

Engagement with Aptiv is ongoing, with a particular focus on wage inflation in Mexico (where 80,000 employees are based) and talent recruitment.

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Proxy voting summary - 2022

Proxy voting is an important catalyst for dialogue on corporate governance best practice, both before and after companies' annual general meetings. It is an important lever which we leverage to express our views on board structure and independence, executive compensation, and shareholder rights as well as diversity, sustainability management and reporting, and climate. As shareholder proposals grow more sophisticated and plentiful every year, general investor interest in proxy voting has increased significantly, a trend we believe will continue.

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

Our voting decisions follow the Impax Proxy Voting Guidelines, bringing consistency and transparency to our approach. Further details can be found [here](#).

See below for key voting statistics for your portfolio as at 31 December 2022.

47

meetings where Impax
voted

684

management resolutions
on which Impax voted

20

shareholder resolutions on
which Impax voted

100%

meetings in which Impax
voted (as a percentage)

6%

management resolutions
in which Impax voted
"against and/or abstained
and/or withheld"

90%

shareholder resolutions in
which Impax voted "For". ie
Against Management

Policy advocacy priorities for 2023 and beyond

Impax's Global Policy Group brings together expertise from across the company to support policy makers in Europe, North America, and Asia in the creation of enabling environments which will accelerate the transition to a sustainable economy. This advocacy work reflects Impax's commitment to policy advocacy and utilizes a rolling three-year plan to focus on a number of important longer-term priorities.

Advancing the pursuit of net-zero emissions will continue to be a focus. Impax believes its influence can be amplified by acting in concert with like-minded members of the financial community and therefore looks to play a leading role within groups including the Institutional Investors Group on Climate Change (IIGCC) and GFANZ. Impax is a firm advocate that investors and lenders must not only focus on decarbonising their portfolios, but also finance solutions that reduce GHG emissions if the world is to achieve net-zero goals. Financing the energy transition and clean electrification and getting hard-to-abate sectors — such as aviation, shipping, steel and cement — on the path to net zero are key areas of opportunity.

Greening the financial system remains key to the transition to a more sustainable economy. Impax therefore is prioritizing work on sustainability-related disclosures, engaging with regulators including the U.S. SEC and the UK's FCA to advocate for more rigorous reporting requirements. In addition, Impax will engage with new initiatives seeking to develop guidance on corporate transition plans to drive the net-zero transition in the real economy, in particular through Glasgow Financial Alliance for Net Zero (GFANZ), the Climate Financial Risk Forum and the UK's new Transition Plan Taskforce.

Biodiversity loss and growing awareness of **economic dependence on natural capital** has put this topic in the spotlight. 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. Impax believes it can contribute through participation in initiatives like the Finance Sector Deforestation Action, Natural Capital Investment Alliance, and the Taskforce on Nature-Related Financial Disclosures, as well as through collaboration with policymakers. Impax is also partnering with Imperial College to advance understanding of nature-positive investment opportunities.

Physical impacts of climate change have been inescapable around the world, highlighting an urgent need to increase action to manage and adapt to this risk. Impax will continue to engaging policymakers and investors on **climate resilience and adaptation**. Collaborative efforts have included IIGCC's Adaptation & Resilience Working Group and development of investment frameworks and the Coalition for Climate Resilient Investment's advances on physical climate risk models. Impax is also working jointly with Oxford University on developing a consistent methodology for translating climate change into quantitative inputs.

Lastly, on the topic of **Human Capital Development and E, D&I**, Impax explores 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. Impax's advocacy here will continue to include collaborative work, such as in the Financing a Just Transition Alliance, as well as activities to promote diversity for example in Asia, through work with the Asian Corporate Governance Association. Impax has been engaging with US companies on their provision of employee wellness programs, including reproductive health care, since the Supreme Court's Dobbs decision. Impax is also anticipating the SEC's proposed rule on human capital disclosure and has developed several points to contribute for comment on that regulation.

As reported in our recent "[Stewardship and Advocacy Report](#)", we plan to increasingly combine company engagement and policy advocacy to accelerate positive outcomes in the real economy, through so-called systematic engagement, with a case study included in this report.

Case study: Combining company engagement and policy advocacy – Systematic Engagement

Physical Climate Risk – mandated disclosure of material physical asset risk

Physical climate risks are systematic risks that many companies are exposed to, but that most companies are not adequately prepared for today. Impax has combined physical climate risk engagements with companies and advocacy with regulators, systematic engagements, in order to accelerate progress on companies' physical climate risk management and for more detailed disclosures on companies' geo-location data of their strategic plants and facilities, enabling investors to analyse companies' risk exposures.

Objective:

Prompt companies to report the locations of their physical assets whose loss or damage would be a material event.

Key steps:

June 2020: Impax submitted to the U.S. Securities and Exchange Commission (SEC) a petition that companies be required to report on the geolocations of their key assets. This petition was later turned into a publication in the Harvard Law School Forum on Corporate Governance.

September 2020: Impax published a paper on Physical Climate Risks– what are they, how can they be recognized, and to whom do they apply.

August 2020: The New York State Common Retirement Fund joined Impax's efforts. This enabled asking all companies in the S&P 500 to report on the location of assets whose loss or damage would be a material event.

September 2021: Impax published Seeking Coordinates, a synthesis of what was learned from this engagement with the constituents of the S&P 500. Result: only *three* companies had given serious consideration to their exposure to physical risks, further proving the importance of this disclosure objective.

Summer 2022: Additional investors, including CalSTRS and PIMCO, joined these advocacy efforts.

Fall 2022: Impax further developed the request - asking companies not only to report on their assets, but to report also on their assessment of physical risks from climate change, and to detail their efforts to manage and adapt to those risks.

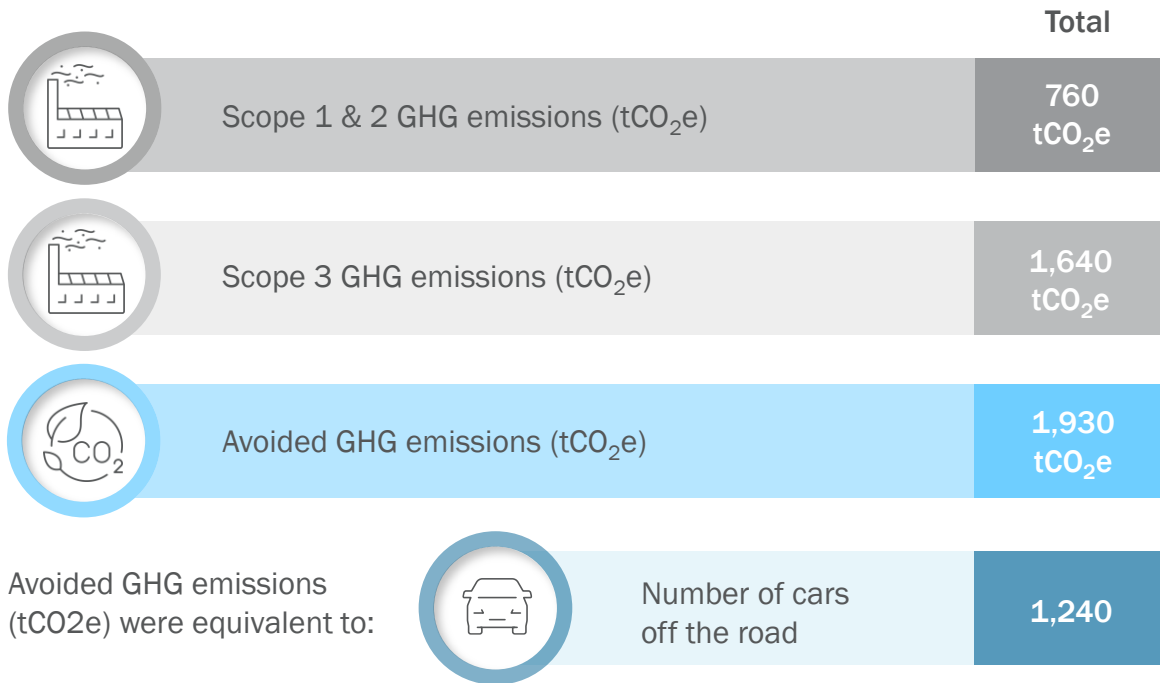
Outcome:

Summer 2022: After meetings with the Chair and staff of the SEC to advocate for Impax's objective, the SEC proposed its new Climate Rule, which included attention to physical risk. This rule is likely to be released in the fall of 2023.

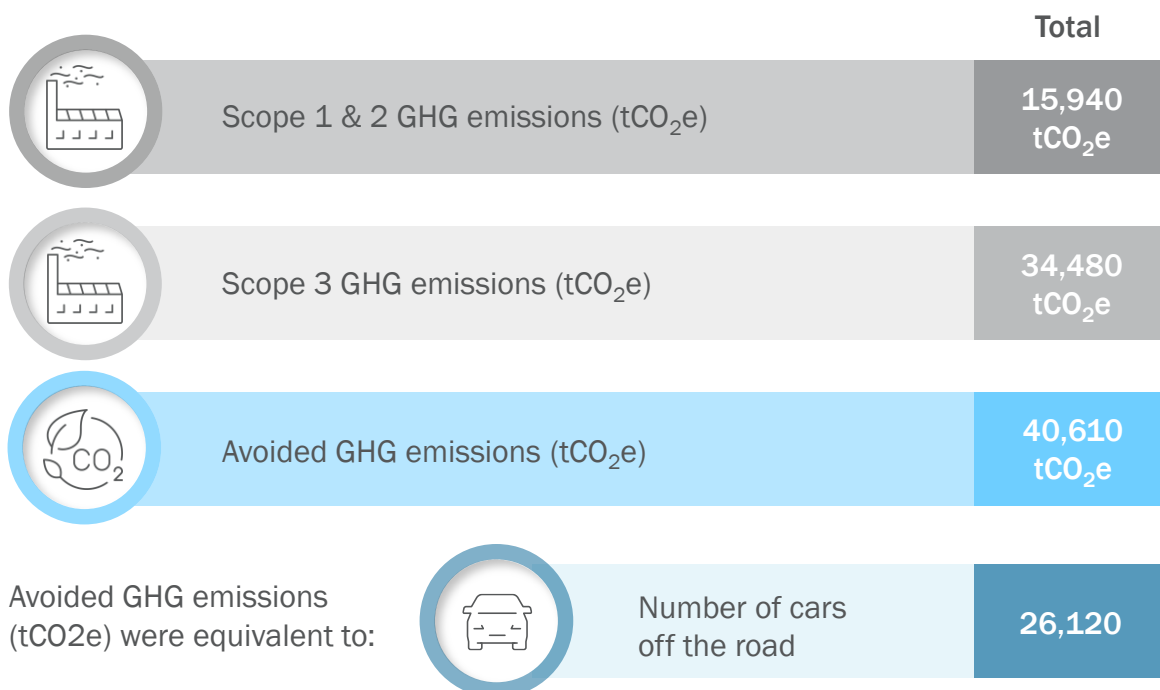
Winter 2022 - Spring 2023: Impax engaged with semiconductor manufacturers regarding their exposure to and management of climate-related physical risks, focusing on flooding and drought.

Carbon profile

Based on A\$15mn invested, in 2022 the companies in the portfolio contributed to:



In 2022, the companies in the portfolio contributed to:



There can be no assurance that results in the future will be comparable to the results presented herein. Source: Impax Asset Management. Based on most recently reported annual environmental data for holdings and assets under management as of 31 December 2022. Impax's impact methodology is based on equity value. Refer to the Methodology section at the back of the report for further details on methodology and summarized data that was available and estimated for companies in the portfolio.

Carbon analysis



Typically, we gather Scope 1, 2, and 3 GHG emission data directly from company disclosures and/or via the Climate Disclosure Project (CDP). Where sufficient information is not available, we may contact companies to request additional information, which in some cases produces enhanced data. Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions.

Avoided GHG emissions arise from the portfolio companies' products and services. This data is sourced from the company directly or is calculated at the relevant individual company product level using a number of inputs to produce a conservative avoidance of GHG emissions figure. Such inputs may include volumes of products sold, product-level efficiency indicators vs regional baselines and regional grid efficiency factors.

Among investee companies contributing to avoided GHG emissions were industrial gas companies Air Liquide (Industrial Energy Efficiency, France) and Linde (Water Treatment, US); waste companies Waste Management (General Waste Management, US), Veolia (Water Utilities, France) and Republic Services (General Waste Management, US); as well as renewable energy companies Orsted (Renewable Energy Developers & IPPs, Denmark) and Vestas (Wind Power Generation Equipment, Denmark); packaging company Westrock (General Waste Management, US) and an industrial steam energy specialist, Spirax-Sarco Engineering (Industrial Energy Efficiency, UK). Related activities and solutions generating emission avoidance included increased energy efficiency for energy-intensive industrial processes, desulphurization of diesel, insulation-driven energy efficiency benefits, recycling-based emission reductions, landfill gas capture, and renewable energy generation displacing fossil fuel use.

Weighted Average Carbon Intensity (WACI)

Investors are keen to understand the Weighted Average Carbon Intensity (WACI) of portfolios, and increasingly also seek an ability to reference results against those for the broader market. For Impax-managed portfolios, we use the above-described process to gather stock-level GHG emission data (Scope 1 & 2) and calculate companies' GHG emissions per USD1 million of sales (WACI). To calculate WACI for broader equity benchmarks, we use Impax stock-level data where available and third-party data for the remaining constituents of the benchmark. Measurement of GHG emissions is still an evolving discipline, and data can vary significantly between third-party providers – this is due to differences in data gathering methodologies including aspects such as varying percentages of stock coverage and differing estimation methodologies and models.

		Total
	Leaders Strategy	201.3 ¹
	MSCI All Country World Index	127.6

¹Total scope 1 & 2 using Impax impact data, tCO₂e per \$ million sales

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Carbon profile – case study

Spirax-Sarco Engineering, Industrial Energy Efficiency , UK


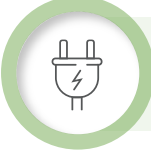

Spirax-Sarco Engineering is a well-established industrial engineering business and a world leader in steam and electrical energy solutions. The company designs, maintains and implements industrial energy efficient steam systems. It also makes and distributes fluid-related components such as pumps and advanced boiler controls. These solutions provide energy savings with relatively short payback periods for uses such as industrial heating and temperature management. End markets include the food, beverage, pharma, water and wastewater industries – here often energy-intensive industrial processes are necessary to create steam for heating or sterilization. Across 20 different product categories sold in 2022, Spirax helped customers avoid approximately 18 million tonnes of greenhouse gas emissions.

Environmental benefits

Based on A\$15mn invested, in 2022 the companies in the portfolio contributed to:

		Total	Equivalent to
	Water provided/saved/treated	50 megalitres	370 Households' water consumption
	Renewable energy generated	440 MWh	120 Households' electricity consumption
	Material recovered/waste treated	550 tonnes	560 Households' waste output

In 2022, the companies in the portfolio contributed to:

	Water provided/saved/treated	990 megalitres	7,340 Households' water consumption
	Renewable energy generated	9,230 MWh	2,560 Households' electricity consumption
	Material recovered/waste treated	11,600 tonnes	11,820 Households' waste output

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Environmental analysis

This Impax portfolio invests globally in companies that are developing innovative solutions to resource challenges in environmental markets.

Investee companies must generate at least 20% of their revenues from sales of environmental products or services in Energy (alternative and efficient), Clean and efficient transport, Sustainable food, Water, Circular economy, and Smart environment solutions.

The portfolio' weighted average revenue exposure to these markets at year end was approximately 55%.

The portfolio invests globally in companies that are developing innovative solutions to resource challenges in environmental markets.

Within the portfolio, Orsted (Renewable Energy Developers & IPPs, Denmark), a Danish offshore windfarm specialist, led the way in generating renewable electricity. In addition, waste companies, in particular Veolia (Water Utilities, France), but also Republic Services (General Waste Management, US), and Waste Management (General Waste Management, US), played a role in the generation of renewable energy through cogeneration from biomass and landfill gas-to-energy activities.

Investee companies also helped in the provision, saving and treatment of water. This was facilitated by activities from global water utilities, water infrastructure companies, companies providing critical supplies for water treatment, or those specializing in industrial water and energy efficiency.

Lastly, the waste companies mentioned above (Veolia, Republic Services and Waste Management) were notable contributors in facilitating the treatment of waste or materials recycled.



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Waste impact – company example

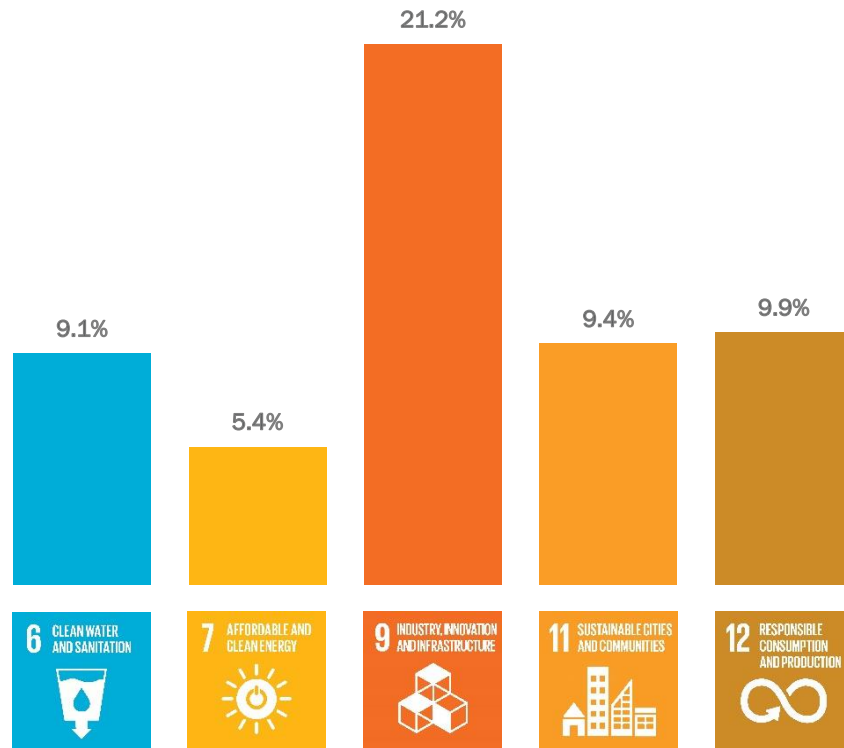
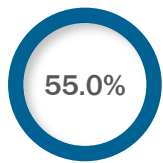
Veolia Environnement, Water Utilities, France

Veolia is a French utility supplying drinking water and waste management services globally. Operating on five continents, the company is an important player in the global water and waste markets and the delivery of more efficient use of resources. In 2022 alone, Veolia provided 111 million people with drinking water, 97 million people with wastewater services, recovered and treated 58 million metric tonnes of waste and produced almost 14 terawatt hours of renewable energy.

Veolia contributes to a circular economy by helping to transform waste into raw materials and working to cut emissions at the same time. Materials collected from industrial, commercial, construction, and municipal/household waste include plastic, paper, raw or organic materials, and metals, including rare earths. Veolia may assist clients digitalize management of their resources with smart monitoring for waste collection, and can deliver automated, scalable, and integrated sorting solutions. Green energy can be created from household waste incineration through recovery of heat in the form of pressurized steam. Through its three business units - water, energy and waste - the company focuses on resource optimization and aims to “be the world champion in ecological transformation”.

UN SDG alignment

Total



No.	UN Sustainable Development Goals	Revenue Exposure
6	Clean Water and Sanitation	9.1%
7	Affordable and Clean Energy	5.4%
9	Industry, Innovation and Infrastructure	21.2%
11	Sustainable Cities and Communities	9.4%
12	Responsible Consumption and Production	9.9%
Total		55.0%

Impax has mapped the portfolio to show how companies' eligible activities align with the goals based on environmental market revenue exposure.

- **Goal 9**, Industry Innovation and Infrastructure, which relates to holdings in Efficient IT, Smart & Efficient Grids, Industrial Energy Efficiency, and Advanced Road Vehicles & Devices.
- **Goal 11**, Sustainable Cities and Communities, which relates to holdings in Waste Management, Environmental Testing & Monitoring, E-bikes & Bicycles, and Water Utilities.
- **Goal 12**, Responsible Consumption and Production, which relates to holdings in Technology & Logistics in the Sustainable Food & Agriculture Sector, Resource Circularity & Efficiency, and Recycled Products & Biomaterials.

Source: Data as at 31 December 2022. Impax's investment process does not identify alignment with SDGs as a specific objective. Instead, the nature of Impax's investment philosophy results in some meaningful revenue exposure within the Environmental Markets strategies and Sustainability Lens strategies, based on investee companies' eligible activities. Refer to the Methodology section at the back of the report for further details on methodology and summarized data that was available and estimated for companies in the portfolio.

Impax's current memberships

Impax works collaboratively with peers to support the expansion of sustainable finance. Here is a selection of our current memberships.

A Just Transition: Looking at challenges faced when moving to a more sustainable economy and why investors need to integrate a social dimension into their climate strategies.

Asian Corporate Governance Association (ACGA): Focuses on collaborative engagement with companies and policymakers to improve governance structures and practices in Asia.

Carbon Disclosure Project (CDP): An independent organisation holding the largest database of corporate climate change information in the world.

Climate Action 100+: An investor-led initiative aimed at encouraging the world's largest corporate greenhouse gas emitters to improve governance on climate change, emissions and climate-related financial disclosures.

Council of Institutional Investors (CII): Promoting strong governance and shareholder rights standards at public companies.

Defined Contribution Institutional Investment Association: A non-profit association dedicated to enhancing the retirement security of America's workers.

Energy Transitions Commission: A global coalition of leaders from across the energy landscape committed to achieving net-zero emissions by mid-century.

FAIRR: A collaborative investor network that raises awareness of the environmental, social and governance risks and opportunities brought about by industrialized livestock production.

Financing a Just Transition Alliance: Identifies the role finance can play in connecting action on climate change with inclusive development pathways.

Finance Sector Deforestation Action: Collaborative to unite organisations around a shared engagement approach to tackling deforestation and other climate and nature-related initiatives.

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 Center on Corporate Responsibility: Coalition of institutional investors aiming to integrate social values into corporate and investor actions.

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: Mobilising investment in Nature-based economic opportunities.

Net Zero Asset Managers Initiative: An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner.

Plastic Solutions Investor Alliance (As You Sow): International coalition of investors that engages publicly traded consumer goods companies on the threat posed by plastic waste and pollution.

Impax's current memberships continued:

Powering Past Coalition Alliance: Coalition of governments, businesses and organizations working to advance the transition from unabated coal power generation to clean energy

Principles for Responsible Investment (PRI): Aims to help investors integrate ESG considerations into investment decision making and supports sharing best practice in active ownership.

PRI Sustainable Stock Exchanges Working Group: A peer-to-peer learning platform for investors, regulators, and companies. Looking at enhancing corporate transparency, and ultimately performance, on ESG risks and encouraging sustainable investment.

Race at Work: Part of BITC Business in the Community, The Prince's Responsible Business Network, this initiative seeks to accelerate change through five calls to action for organisations committed to improving equality of opportunity in the workplace.

ShareAction Investor Decarbonization Initiative: Aims to bring together investors to accelerate corporate action on climate change

Shareholder Rights Group: Association of investors that defends share owners' rights to engage with public companies on governance and long-term value creation.

Sustainable Investment Institute: A non-profit organisation conducting research and publishing reports on organized efforts to influence corporate behaviour on social and environmental issues.

Task Force on Climate-related Financial Disclosures (TCFD): Develops voluntary, consistent climate-related financial risk disclosures for companies providing information to investors, lenders, insurers and other stakeholders.

Taskforce on Nature-related Financial Disclosures: Member of TNFD Forum to help develop and deliver a risk management and disclosure framework reporting and acting on nature-related risks.

The Investing and Saving Alliance (TISA): A not-for-profit membership organization with a mission to improve the financial wellbeing of UK consumers and help shape the future of UK financial services industry.

Thirty Percent Coalition: A unique and groundbreaking U.S. organization committed to having women, including women of color, hold 30 percent of board seats across public companies.

Tobacco Free Portfolios: A group of financial institutions that have implemented tobacco-free finance policies and encourage others to follow suit.

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

UK Sustainable Investment and Finance Association (UKSIF): Provides services and opportunities to align investment profitability with social and environmental responsibility.

USSIF: A US-based membership association promoting sustainable, responsible and impact investment.

Women's Empowerment Principles: The UN Women's Empowerment Principles are a set of practical guidelines that businesses can use to promote gender equality in the workplace and the community.

Women in Finance: Commitment by the UK's HM Treasury to build a more balanced and fair industry, working to see gender balance at all levels across finance services firms.

Methodology

Impact methodology

The relevant environmental metrics for all portfolio companies were measured where data was available or could be estimated. The analysis included all companies in which the strategies were invested as at 31 December 2022. At the time of preparation, Impax aimed to obtain the most recently available and commonly collected environmental data from investee companies. For approximately 80% of companies this was from 2022 reported information, and for the remainder of companies this was from previously reported information. The percentage owned in each underlying company (calculated based on the proportion of shares owned) as at 31 December 2022 was applied to measure the environmental benefit attributable to the strategies. These included:

- Greenhouse gas (GHG) emissions, Scope 1, 2 and 3 (tonnes of CO₂e)
- Greenhouse gas (GHG) avoidance (tonnes of CO₂e)
- Renewable electricity generated (MWh)
- Water treated, saved or provided (megalitres/gallons)
- Materials recovered/waste treated (tonnes/tons)

The relevance of each metric was also assessed for each company based on its business activities.

Impax collected relevant data from company disclosures, including sources such as annual reports, CDP and sustainability reports. Where information was not available, Impax contacted companies to request additional disclosure, which in some cases produced additional relevant data.

However, some companies could not/did not provide information on several metrics. Impax therefore created estimates where robust data was obtained for these metrics:

- For missing Scope 1 and 2 GHG emissions data, Impax uses third party estimates for missing Scope 1 and 2 GHG emissions. Impax does not use estimates for Scope 3 GHG emissions.
- For missing environmental impact data, industry or academic data was sought in order to set robust assumptions. In cases where robust data could not be found, zero impact was reported for a company.

Impax strives to be conservative with estimates in an effort to ensure that positive impact is not overstated, or in the case of GHG emissions, avoided emissions are not overstated.

The following table summarizes the data that was available and estimated for companies in the strategy. The total number of companies in the strategy as of December 31, 2022 was 48.

Metric estimated/disclosed	Companies for which the metric is relevant	Companies for which the metric was available	Companies for which the metric was estimated	Metric was not available and could not be estimated
CO ₂ emitted	48	48	0	0
CO ₂ avoided	48	21	9	18
Renewable electricity generated	16	15	1	32
Water treated, saved or provided	9	3	4	41
Materials recovered/waste treated	7	6	0	41

The environmental impact of investments will always depend on the mix of underlying holdings and are thus subject to change. The information contained in this report is therefore specific to the date listed herein.

Methodology

SDG mapping

The UN Sustainable Development Goals (SDGs) comprise a series of 17 sets of targets across a range of issues including poverty, inequality, climate change, clean water, gender inequality and other global challenges, to be met by the world's economies by 2030. Please refer to the SDGs for additional information. Impax Asset Management (Impax) uses the SDG framework to understand which current and potential portfolio companies are involved in activities that contribute towards addressing these critical global challenges.

Impax's methodology is based on identifying the portion of companies' revenues that relate to the targets and indicators within each Goal. Impax has mapped 51 categories (for a complete listing of the 51 revenue categories, please see p. 8 of the Impact @ Impax 2022 publication) of business activities linked to 11 of the 17 SDGs and their underlying targets and indicators. Impax focuses on those SDGs where the underlying targets of the Goal are relevant to private sector investment opportunities, rather than public funding or policy action.

Mapping of company revenues to the SDGs occurs annually at the end of each calendar year and is quantified based on portfolio company disclosures. The mapping is done on a global basis and does not differentiate between regions except in the case of financial services and telecom companies and their business activities relevant to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure) where Impax only focuses on company revenue generated in the least developed countries (LDCs). For business activities relevant to other SDGs the focus described by the SDG framework is predominantly 'global'. As such, Impax's methodology for measuring SDG-related revenue does not differentiate between geographic regions as the natural environment is regarded as a "global common."

Impax's investment process does not analyze alignment with SDGs as an investment objective or component of portfolio construction. Impax simply maps SDG-related revenue exposure for portfolio companies, which is instead a byproduct rather than a feature of the investment process.

Important Information

Investments involve risk, including potential loss of capital. The investment techniques and decisions of the investment adviser and portfolio manager(s), including the investment adviser's assessment of a company's ESG (Environmental, Social and Governance) profile when selecting investments for the strategy, may not produce the desired results and may adversely impact the strategy's performance, including relative to other strategies that do not consider ESG factors or come to different conclusions regarding such factors. Please refer to Form ADV Part 2A Brochure on impaxam.com or adviserinfo.sec.gov for more information about Impax and the investment risks of this strategy.

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